



Photo: Chesterfield County Courthouse

Central Virginia Transportation Authority (CVTA) Finance Committee



NOTES

This meeting is open to the public. Members of the public are invited to attend in person or virtually. Please alert the CVTA at information@cvtava.org if electronic transmission of this meeting fails for the public. Please refer to our [Statement Regarding Virtual Meeting Participation by Members of the Public](#) for more information.

Check out our complete [Public Participation Guide](#) online to learn about the different ways you can stay connected and involved.

Meetings are also live streamed and archived on our YouTube Channel at [Plan RVA - YouTube](#).

Members of the public are invited to submit public comments either verbally or in writing. Written comments can be submitted through the Q&A/Chat function on Zoom by email to information@CVTAVA.org. Written comments will be read aloud or summarized during the meeting when possible and will be included in the meeting minutes. Verbal comments will be taken during the Public Comment Period on the agenda. Please indicate by raising your hand (in-person participants, where applicable) or through the Q&A/Chat functions on Zoom (virtual participants) if you would like to comment. When acknowledged by the Chairman, please clearly state your name so that it may be recorded in the meeting minutes.

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AGENDA

CVTA FINANCE COMMITTEE

Wednesday, December 11, 2024, 9:00 a.m.

PlanRVA James River Boardroom
424 Hull Street, Suite 300, Richmond, VA 23224

If you wish to participate in this meeting virtually, please register via Zoom at the following link:
https://planrva-org.zoom.us/webinar/register/WN_CrdkYJ2GS8qu-ft7XvXqXQ

Call to Order, Welcome and Introductions (*Spoonhower*)

Pledge of Allegiance (*Spoonhower*)

Certification of a Quorum (*Scott*)

A. ADMINISTRATION

1. **Confirmation of Member Participation from a Remote Location**
(*as needed/Spoonhower*)

Requested action (if there are member requests to participate remotely): motion to confirm that the Chair's decision to approve or disapprove the member(s) request to participate from a remote location was in conformance with the CVTA Policy for Remote Participation of Members; and, the voice of the remotely participating member(s) can be heard by all persons at the primary or central meeting location (voice vote).

2. **Consideration of Amendments to the Meeting Agenda**
(*Spoonhower*)

3. **Approval of October 9, 2024, Meeting Minutes** – page 4
(*Spoonhower*)

Requested action: motion to approve the CVTA Finance Committee minutes as presented (voice vote).

4. **Open Public Comment Period**
(*Spoonhower /5 minutes*)

5. CVTA Finance Committee Chair's Report

(Spoonhower/5 minutes)

6. CVTA Executive Director's Report

(5 minutes)

7. CVTA Activities Report

(15 minutes)

a. Financial Activities and Investment Reports *(Parsons) – page 7*

b. TAC Activities Report *(Smith)*

B. OTHER BUSINESS

1. Working Capital Reserve Strategy - page 10

(Parsons/20 minutes)

Action requested: motion to recommend approval of the Working Capital Reserve Strategy as presented

2. Wayfinding Implementation - Standard Project Agreements – page 12

(Parsons/10 minutes)

Action requested: motion to recommend approval of the wayfinding implementation standard project agreement template as presented

3. GRTC FY24 Certifications – page 23

(Parsons/20 minutes)

Action requested: motion to recommend approval of the GRTC FY24 Certifications as presented

4. Bond Validation Schedule Update

(Gilliland/10 minutes)

Discussion item.

5. CVTA Finance Committee Member Comments

(Spoonhower /5 minutes)

6. Next Meeting: February 12, 2025

PlanRVA Boardroom, 424 Hull Street, Suite 300, Richmond, VA 23224

(Spoonhower)

7. Adjournment

(Spoonhower)

CVTA FINANCE COMMITTEE MEETING MINUTES

Wednesday, October 9, 2024, 9:00 a.m.

**PlanRVA James River Boardroom
 424 Hull Street, Suite 300, Richmond, VA 23224**

Authority and Committee Members Present:

Jurisdiction/Agency	Member	Present	Absent
Chesterfield County	Kevin P. Carroll	X	
Hanover County	Sean Davis	X	
Henrico County	Dan Schmitt	X	
Goochland County	Neil Spoonhower, Chair	X	
New Kent County	John Moyer	X	
City of Richmond	Levar Stoney	X	
Commonwealth Transportation Board	J. Rex Davis	X	

The technology used for the CVTA Finance Committee meeting was a web-hosted service created by Zoom and YouTube Live Streaming and was open and accessible for participation by members of the public. A recording of this meeting is available on our [Plan RVA YouTube Channel](#).

Call to Order, Welcome and Introductions

Chair Spoonhower called the CVTA Finance Committee meeting to order at 9:01 a.m.

Pledge of Allegiance

Chair Spoonhower led the attendees in the Pledge of Allegiance.

Certification of a Quorum

Roll call of attendance was taken and it was certified that a physical quorum was present.

ADMINISTRATION

1. Confirmation of Member Participation from a Remote Location

Chair Spoonhower reported that there were no members participating remotely.

2. Consideration of Amendments to the Agenda

Chair Spoonhower announced that the Other Business Item 1. will be heard after the action items on the agenda.

3. Approval of August 14, 2024, CVTA Finance Committee Action Meeting Minutes

On motion by Levar Stoney, seconded by John Moyer, the members of the CVTA Finance Committee voted unanimously to approve the meeting minutes as presented (voice vote).

4. Open Public Comment Period

There were no public comments received and no requests to address the committee.

5. CVTA Finance Committee Chairman’s Report

Chair Spoonhower did not have a formal report.

6. CVTA Executive Director's Report

Chet Parsons, Executive Director, reported that Chair Davis is scheduling presentations to each of the locality boards/councils over the next several months. He also reported that the new CVTA website will be going live within the next month; more information will be shared at the next meeting.

7. CVTA Activities Report

a. Financial Activities and Investment Reports

Mr. Parsons gave an overview of the monthly financial activities and investment reports and offered to answer any questions. He noted that the current report details accruals through May 2024. The most recent investment report is for August 2024.

b. TAC Activities Report

Barbara Smith, CVTA TAC Chair, came forward and gave a report of the recent TAC and Fall Line Working Group meetings.

- The Fall Line Trail Working Group and TAC are still reviewing the long-term management options for the trail.
- Trail maintenance is also being explored by the groups.
- TAC continues to review the CVTA Regional Project Selection and Allocation Framework.

OTHER BUSINESS

1. Working Capital Reserve Strategy

Kristy Choi, PFM, presented this item and reported that CVTA's financial policies outline a Working Capital Reserve ("WCR") equal to at least 3 months of the budgeted, annual Regional CVTA Funds. Using FY 2024 preliminary Regional CVTA Funds, the WCR requirement equal to approximately \$18 million.

Currently, CVTA has approximately \$11.6 million in investment interest earnings from the Regional CVTA Funds. At its September 27, 2024, Authority Meeting, the Board provided the following direction in regards to the allocation of \$11.6 million in investment earnings:

- Allocate \$1.5 million to fund wayfinding signs for the Fall Line Trail
- Allocate \$5.05 million to initially fund the WCR
- Allocate \$5.05 million to fund regional projects, to be determined

With \$5.05 million of initial funding, the Authority will need to fund an additional \$12.95 million to fully fund the WCR to its current requirement. Staff and PFM recommend that the Authority use 100% of its monthly investment earnings of Regional Funds to fund up the WCR until it is fully funded. Although investment earnings will fluctuate, it is estimated that it will take roughly 15 months (January 2026) to fully fund the WCR. The WCR requirement will be reevaluated by June 30, 2025 (set forth in the Financial Policies), and at that time, staff and PFM will reevaluate the funding status of the WCR

Committee members discussed having the strategy reviewed by PBMares to ensure it is compliant. There was a consensus to have staff develop a formal policy once any feedback is received by PBMares.

2. Regional Funding Deallocation Policy

Mr. Parsons presented this item and noted that, if there are leveraged funds that are not able to be applied, the goal is to deallocate those funds so that they can be used on other projects. Staff and legal counsel have drafted the policy for TAC, Finance Committee and full Authority review.

Committee members discussed various scenarios and aspects of the draft policy. Eric Gregory, legal counsel, provided clarification that the policy, if adopted, can be revised if/when the Authority determines changes are necessary.

On motion by Levar Stoney, seconded by John Moyer, the members of the CVTA Finance Committee voted to recommend full Authority approval of the Regional Funding Deallocation Policy (roll call vote; see below):

Member	Vote
Kevin P. Carroll	Aye
Dan Schmitt	Aye
Neil Spoonhower	Aye
John Moyer	Aye
Levar Stoney	Aye

3. CVTA Audit Report

Mr. Parsons introduced Michael Garber, PBMares, who reported that the Authority received a clean report on the FY24 audit. Mr. Garber provided an overview of the audit results and offered to answer any questions.

On motion by Levar Stoney, seconded by Kevin Carroll, the members of the CVTA Finance Committee voted to recommend full Authority approval of the FY24 Audit report (roll call vote; see below).

Member	Vote
Kevin P. Carroll	Aye
Dan Schmitt	Aye
Neil Spoonhower	Aye
John Moyer	Aye
Levar Stoney	Aye

4. Overview of Financial Reporting

Mr. Parsons provided an overview of how the tax and investment reports that are presented each month are developed. Chair Spoonhower asked that staff provide this overview so that committee members could have a better understanding of how the information is collected and compiled for reporting to the Authority. Following the presentation, Mr. Parsons offered to answer any questions.

5. Next Steps – Bond Validation Process

Mr. Parsons and Megan Martz Gilliland, Kaufman & Canoles, reviewed the next steps in the process. It was noted that a resolution to approve the bond documents will be ready for preview/approval soon so that they can be made part of the validation process.

6. CVTA Finance Committee Member Comments

John Moyer commented on the importance of maintaining reserve funds so that they are available in the event of natural disasters or other events that might create unexpected expenditures.

7. Next Meeting

The next meeting is scheduled for November 13, 2024, at 9:00 a.m. in the PlanRVA James River Board Room, 424 Hull St., Suite 300, Richmond, VA 23224 and via Zoom.

8. Adjournment

The meeting was adjourned at 10:01 a.m.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY
Tax Collections and Allocations
For the Fiscal Year Ended June 30, 2025

	June Tax Activity 09/30/24	July Tax Activity 10/31/24	August Tax Activity 11/30/24	September Tax Activity 12/31/24	October Tax Activity 01/31/25	November Tax Activity 02/28/25	December Tax Activity 03/31/25	January Tax Activity 04/30/25	February Tax Activity 05/31/25	March Tax Activity 06/30/25	YTD	LTD
Local Distribution Fund												
Receipt of Taxes:												
Sales and Use Tax	\$ 13,821,290	\$ 14,267,011									\$ 28,088,301	\$ 603,983,678
Local Fuels Tax	4,518,500	4,813,805									9,332,305	209,997,534
Total Receipt of Taxes	18,339,791	19,080,816	-	-	-	-	-	-	-	-	37,420,606	813,981,212
Cash Outflows & Transfers:												
Transfers:												
Operating Fund	741,166	-	-	-	-	-	-	-	-	-	741,166	2,760,934
Regional Fund	6,159,519	6,678,286									12,837,804	283,927,098
Payments to GRTC	2,639,794	2,862,122									5,501,916	121,683,041
Total transfers	9,540,478	9,540,408	-	-	-	-	-	-	-	-	19,080,886	408,371,073
Local Distributions:												
Ashland	33,081	37,711									70,792	1,391,968
Charles City	44,553	47,071									91,623	2,361,791
Chesterfield	2,495,633	2,689,317									5,184,950	116,811,473
Goochland	246,777	247,498									494,274	10,224,979
Hanover	1,275,402	1,351,690									2,627,092	56,370,491
Henrico	2,766,795	3,006,344									5,773,139	129,267,675
New Kent	191,331	193,312									384,643	9,576,907
Powhatan	208,017	227,479									435,496	9,142,449
Richmond	1,537,724	1,739,987									3,277,711	70,462,406
Total local distributions	8,799,312	9,540,408	-	-	-	-	-	-	-	-	18,339,720	405,610,140
Local Distribution Fund ending balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)
Operating Fund												
Beginning balance, July 1, 2024											\$ 259,209	
Transfer from Local Distribution Fund	\$ 741,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	741,166	
Prior year accounts payable												-
Payment of operating costs	(46,679)	(116,503)									(163,182)	
Interest income	592	2,095									2,687	
Operating Fund ending balance	\$ 695,079	\$ (114,408)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,880	
Regional Fund												
Beginning balance, July 1, 2024											\$ 283,197,740	
Transfer from Local Distribution Fund	\$ 6,159,519	\$ 6,678,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,837,804	
Payment for regional projects	(86,518)										(86,518)	
Interest income	1,265,857	907,476									2,173,333	
Receivable Due from Locality												-
Regional Fund ending balance	\$ 7,338,857	\$ 7,585,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,122,359	
											<i>Working Capital Reserve</i>	7,223,333

Notes:

* Activity month is reported. CVTA receives funds three months after the activity month.

* At its September 27, 2024 meeting, the Authority directed the allocation of \$5.05 million of investment earnings to fund a portion of the Working Capital Reserve (WCR). In order to fully fund the \$12.95 million reserve balance, beginning in FY2025, 100% of the monthly investment earnings from Regional Funds will be allocated to the WCR until it is fully funded.



OCTOBER 2024

MONTHLY INVESTMENT REPORT

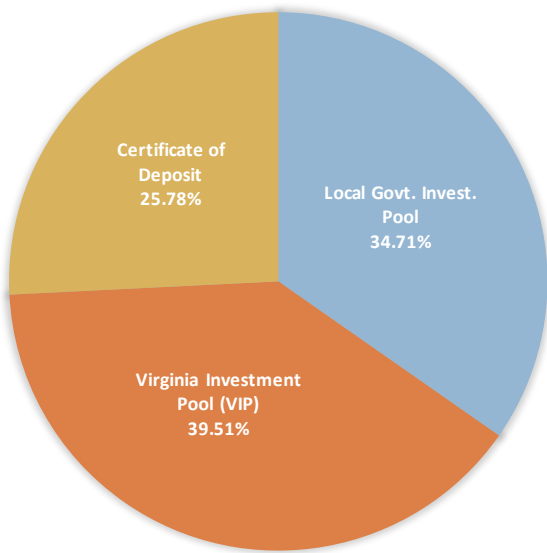
REBECCA R. LONGNAKER, CPA, MGT
 INVESTMENT OFFICER
 424 Hull Street, Suite 300
 Richmond, VA 23224
 Office: 804-748-1201
 Email: longnakerr@chesterfield.gov
 www.chesterfield.gov/treasurer

This investment report for October 2024 is presented in accordance with the Investment Policy of the Treasurer of Chesterfield County, Virginia. The objective of the policy is to obtain the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds. All investments held are in compliance with this policy.

Investments at a glance (as of 10/31/2024)

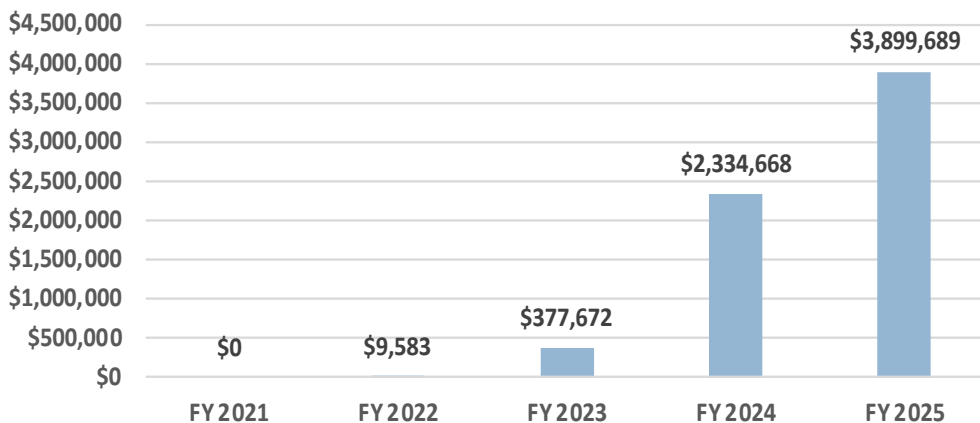
Total Book Value	\$291,183,953.40
Average Days to Maturity	30
Yield to Maturity 365 Day Equivalent	5.23%

Investment Type Allocation



Portfolio Mix	Balance
Local Govt. Invest. Pool (LGIP)	\$101,054,867.60
Virginia Investment Pool (VIP)	\$115,053,860.80
Federal Agency Discount	\$0.00
Federal Agency Coupon	\$0.00
Corporate Bond	\$0.00
Commercial Paper	\$0.00
Certificate of Deposit	\$75,075,225.00
US Treasury Discount	\$0.00
Total	\$291,183,953.40

Cumulative Interest Earnings FY2025



Interest earnings through October 2024 exceeded prior years. Short term yields have remained high to combat inflation, however the Federal Reserve reduced rates by 50 basis points at the September meeting. Cash flow projections provided by the financial advisory committee will determine how long maturities may be invested.

Benchmark Comparisons

The 91-Day Treasury Bill, 6-Month Treasury Bill and the Virginia Treasury Prime Liquidity are used as benchmarks for Central Virginia Transportation Authority's (CVTA) portfolio performance. The portfolio outperformed all of the yield benchmarks and two of the year over year benchmarks for the month of October. Short term yields have remained high to combat inflation, however, the Federal Reserve reduced rates by 50 basis points at the September meeting.

YIELD BENCHMARKING			
	CURRENT YIELD	YEAR AGO	YoY CHANGE
Portfolio	5.23%	5.51%	-0.28% pts
91-day T-Bill	4.72%	5.60%	-0.88% pts
6-month T-Bill	4.44%	5.57%	-1.13% pts
Va. Treas. Prime Liq.	4.47%	4.70%	-0.23% pts

Compliance Report

The Treasurer's Investment Policy specifies limits on categories of investments to obtain diversification and avoid incurring unreasonable risk inherent in over-investing in specific instruments. CVTA's Investment Portfolio is in compliance with the Treasurer's Investment Policy.

Investment Category	Code of Virginia			Treasurer's Investment Policy			October Actual %
	Maximum Maturity	Authorized % Limit	Rating Requirement	Maximum Maturity	Authorized % Limit	Rating Requirement	
Local Government Investment Pool (LGIP)	N/A	100%	N/A	N/A	100%	N/A	34.71%
Virginia Investment Pool Trust Fund (VIP)	N/A	100%	N/A	N/A	100%	N/A	39.51%
Federal Agency Discount	No Limit	100%	N/A	5 Years	100%	N/A	0.00%
Federal Agency Coupon	No Limit	100%	N/A	5 Years	100%	N/A	0.00%
Corporate Bonds	5 Years	100%	AA/Aa	5 Years	100%	AA/Aa	0.00%
Commercial Paper	270 Days	35%	A1/P1/F1/D1	270 Days	35%	A1/P1/F1/D1	0.00%
Certificate of Deposit	5 Years	100%	A1/P1/AA/Aa	5 Years	100%	A1/P1/AA/Aa	25.78%
U.S. Treasury Discount	No Limit	100%	N/A	5 Years	100%	N/A	0.00%

Understanding Key Investment Terms

Local Government Investment Pool (LGIP)	A State-administered fund that enables governmental entities to realize the economies of large-scale investing and professional funds management.
Virginia Investment Pool Trust Fund (VIP)	A fund, administered by the Virginia Municipal League (VML) and Virginia Association of Counties (VACo), that provides political subdivisions of the Commonwealth of Virginia the ability to pool their funds and invest under the direction and daily supervision of a professional fund manager.
Federal Agency Discount	Fixed income government agency obligations priced below par and maturing in more than one year.
Federal Agency Coupon	Fixed income government agency obligations with a stated interest rate and maturing in more than one year.
Corporate Bonds	Corporate Bonds are debt securities issued by publicly-held corporations to raise money for expansion or other business needs with a rating from at least two agencies of Aa by Moody's Investor Service, Inc., AA by Standard and Poors, Inc. or AA by Fitch, and a maturity of no more than five years.
Commercial Paper	"Prime Quality" paper with a maturity of 270 days or less and rated at least prime 1, A-1, or F-1 by the major credit rating agencies.
Certificate of Deposit	Negotiable certificates of deposits of domestic banks and domestic offices of foreign banks with a rating of at least A-1 or P-1 for maturities one year or less, and AA or Aa for maturities over one year and not exceeding five years.
U.S. Treasury Discount	Fixed income government securities priced below par and maturing in less than one year.

CVTA FINANCE COMMITTEE AGENDA 12/11/24; ITEM B.-1.

Working Capital Reserve Strategy

Central Virginia Transportation Authority

BACKGROUND: The CVTA has committed to establishing a Working Capital Reserve to provide a safeguard for regional project allocations as the development atmosphere evolves over time. The strategy below outlines the process for establishing and maintaining that reserve.

CVTA's financial policies provide for a Working Capital Reserve ("WCR") equal to at least 3 months of the budgeted, annual Regional CVTA Funds. Based upon the FY 2024 preliminary Regional CVTA Funds, the WCR requirement is equal to approximately \$18 million, which for the purposes of establishing the WCR, is the baseline. This amount will fluctuate slightly each year, corresponding to the latest round of revenue estimates received by CVTA each December.

At the close of fiscal year 2024, CVTA had approximately \$11.6 million in investment interest earnings from the Regional CVTA Funds. At its September 27, 2024, meeting, the Authority directed the allocation of \$11.6 million in investment earnings, as follows:

1. Allocate \$1.5 million to fund wayfinding implementation for the Fall Line Trail
2. Allocate \$5.05 million to initially fund the WCR
3. Allocate \$5.05 million to fund regional projects, to be determined

With \$5.05 million of initial funding, the Authority will need to allocate an additional \$12.95 million to fully fund the WCR to its current requirement. In order to achieve this, staff and PFM recommended that the Authority direct 100% of its monthly investment earnings from Regional Funds to the WCR until it is fully funded. Although investment earnings will fluctuate, it is estimated that, at the expected rate of return, it will take roughly 15 months (to January 2026) to fully fund the WCR. The WCR requirement will be reevaluated by June 30, 2025 (set forth in the Financial Policies), and at that time, staff and PFM will also reevaluate the funding status of the WCR.

PBMares, CVTA's auditor, has reviewed the recommended approach to fund the WCR to ensure it is compliant from the auditor's perspective. Following its review, PBMares indicated that there are no issues with this approach and it does not foresee future audit concerns.

Working Capital Reserve Strategy

This staff report recommends the following framework for completing the development of the WCR and maintaining its balance over time. The Authority delegates to the Finance Committee the ability to provide direction to the Executive Director on the oversight of the WCR and may modify or adjust the WCR funding

strategy as needed, with regular reports to the FC and full board included in the monthly financial reports and as part of the annual budget process.

Monthly:

The Executive Director shall work with the CVTA Fiscal Agent to include additional data points in the financial report and investment report outlining the current status of a) the monthly regional investment earnings contribution to the WCR, b) a new line item in the financial report showing the WCR as a unique funding recipient, and c) the overall impact of the monthly investment to the bottom line of the WCR

Annually:

By June 30 of each year, staff will provide an update on the success of the WCR funding strategy and any recommendations necessary to ensure its long term impact.

CVTA FINANCE COMMITTEE AGENDA 12/11/24; ITEM B.-2.

Wayfinding Standard Project Agreements

Central Virginia Transportation Authority

BACKGROUND: At its meeting on September 27, 2024, the Central Virginia Transportation Authority allocated \$1.5 million to be set aside for implementing the Fall Line Wayfinding Plan along the entire 43-mile planned improvement corridor. The process for reimbursement for wayfinding costs is outlined below.

Wayfinding Agreements

CVTA has an established reimbursement process for regional project expenditures from both local and VDOT administered sources. The proposed framework for wayfinding reimbursement follows that model.

Each impacted locality (or VDOT) will enter into a new Standard Project Agreement (SPA) that covers all approved segments of the Fall Line within that jurisdiction or under the purview of VDOT. The format for the SPA will mirror the current approved format for regional projects and include simple updates that reflect details of the Fall Line wayfinding improvements.

Rather than undergo amendments to individual segment SPAs, each government (or VDOT) will be assigned a new CVTA project identification number that only covers wayfinding implementation costs. Those costs, developed as part of the adopted wayfinding plan, will be included as part of each SPA Appendix A as the allocated project funding amount.

A draft Wayfinding Implementation SPA template is enclosed.

STANDARD PROJECT ADMINISTRATION AGREEMENT
CVTA Regionally Funded Projects

CVTA Project ID	Project Name	UPC	Local Government
TBD	Fall Line Trail: Wayfinding Implementation		LOCALITY / VDOT

THIS AGREEMENT is hereby executed and made effective as of the date of the last (latest) signature set forth below, by and between the LOCALITY/VDOT, VIRGINIA, hereinafter referred to as the LOCALITY/VDOT and the Central Virginia Transportation Authority, hereinafter referred to as the CVTA. The CVTA and the LOCALITY/VDOT are collectively referred to as the “Parties.”

WHEREAS, the LOCALITY/VDOT has expressed its desire to administer the work described in Appendix A, and such work for each improvement shown in Appendix A is hereinafter referred to as the “Project;” and

WHEREAS, the funds shown in Appendix A have been allocated to finance the Project; and

WHEREAS, the LOCALITY/VDOT is committed to the development and delivery of the Project in an expeditious manner; and

WHEREAS, the Parties have concurred in the LOCALITY/VDOT administration of the Project as shown in Appendix A in accordance with applicable federal, state, and local laws and regulations.

NOW THEREFORE, in consideration of the mutual premises contained herein, the Parties hereto agree as follows:

1. The representations, covenants and recitations set forth in the foregoing recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this Section 1.
2. The LOCALITY/VDOT shall:
 - a. Be responsible for all activities necessary to complete the noted phase(s) of the Project as shown in Appendix A, as expressly required by federal, state, and local laws and regulations, or as otherwise agreed to, in writing, between the Parties. Every phase of the Project will be designed and constructed to meet or exceed current American Association of State Highway and Transportation Officials standards when the facilities are locally maintained and shall further comply with all supplementary standards established by the Virginia Department of Transportation when the facilities are maintained by the Virginia Department of Transportation.
 - b. Maintain accurate and complete records of the Project’s development and retain

documentation of all expenditures and make such information available for inspection or auditing by the CVTA upon request. Records and documentation for the Project shall be maintained for no less than three (3) years following the CVTA's acceptance of the final voucher on the Project.

- c. Submit quarterly progress and expenditure reports, and invoices with supporting documentation to the CVTA in the form prescribed by the CVTA. The supporting documentation shall include copies of vendor and contractor invoices paid by the LOCALITY/VDOT, an up-to-date Project summary and schedule, and a cash flow summary of all payment requests, payments, and adjustments in a form prescribed by the CVTA.
 - d. Requests for reimbursement shall be made within 90 days after any eligible project expenses are incurred by the LOCALITY/VDOT. Reimbursement for eligible expenditures shall not exceed funds allocated each year for the Project by the CVTA. Additional funds for eligible expenditures for the Project may be requested and shall be approved on case-by case basis, per paragraph 4 below.
 - e. Provide, or have others provide, maintenance of the Project upon completion, unless otherwise agreed to by the Parties. Where the Project results in physical construction, the LOCALITY/VDOT will continue to operate and maintain the Project, or have others operate and maintain the Project, in accordance with the final constructed design and applicable standards. The LOCALITY/VDOT agrees that any modification of the approved design features, without the approval of the CVTA or agencies with proper oversight, may, at the discretion of the CVTA, result in restitution either physically or monetarily as determined by the CVTA.
3. The CVTA shall:
- a. Upon receipt of the LOCALITY/VDOT invoices pursuant to paragraph 2.c, reimburse the LOCALITY/VDOT the cost of eligible Project expenses, as described in Appendix A. Such reimbursements shall be payable by the CVTA within 30 days of an acceptable submission by the LOCALITY/VDOT.
 - b. Audit the LOCALITY/VDOT Project records and documentation as may be required to verify LOCALITY/VDOT compliance with applicable policies, laws, and regulations.
4. Nothing in this Agreement shall obligate the Parties hereto to expend or provide any funds in excess of funds agreed upon in this Agreement or as shall have been included in an annual or other lawful appropriation. CVTA funding is limited to the allocated funding identified in the Appendix A of this Agreement, or other sources of funding allocated to the project by the CVTA and is allocable only upon LOCALITY/VDOT compliance with all requirements of this Agreement. In the event the cost of all or part of the Project is anticipated to exceed the allocation shown on Appendix A, the Parties agree to cooperate in seeking additional funding for the Project or to terminate the Project before Project costs exceed the allocated amount. Any requested increase in CVTA funding is subject to CVTA policy and procedures applicable to the funding source and is not guaranteed. If the CVTA elects to allocate additional funds, such additional funds shall be paid from federal, state,

and/or CVTA revenues, in proportions as agreed by the Parties at the time, with the goal of expending state or federal funds first before expending LOCALITY/VDOT and/or CVTA revenues.

5. In the event there is a significant reduction in costs, the LOCALITY/VDOT and CVTA will work reasonably and in good faith to amend Appendix A fairly to reflect the effect of the reduction, with the goal of applying the savings to supplant LOCALITY/VDOT and CVTA funding commitments, and to maximize the use of federal and state funds on the Project. If federal or state funding not previously available for the Project becomes available for any portion of the Project, then the LOCALITY/VDOT and CVTA will work reasonably and in good faith to fairly allocate the additional funding, with the goal of applying the additional funding to supplant LOCALITY/VDOT and CVTA funding commitments, and to maximize the use of state and federal funds on the Project.
6. Nothing in this Agreement shall be construed as a waiver of the LOCALITY/VDOT or CVTA's sovereign immunity.
7. The Parties mutually agree and acknowledge, in entering this Agreement, that the individuals acting on behalf of the Parties are acting within the scope of their official authority and capacity and the Parties agree that neither Party will bring a suit or assert a claim against any official, officer, or employee of either Party, in their individual or personal capacity, for a breach or violation of the terms of this Agreement or to otherwise enforce the terms and conditions of this Agreement. The foregoing notwithstanding, nothing in this Agreement shall prevent the enforcement of the terms and conditions of this Agreement by or against either Party in a competent court of law.
8. The Parties mutually agree that no provision of this Agreement shall create in the public, or in any person or entity other than the Parties, rights as a third party beneficiary hereunder, or authorize any person or entity, not a party hereto, to maintain any action for, without limitation, personal injury, property damage, breach of contract, or return of money, or property, deposit(s), cancellation or forfeiture of bonds, financial instruments, pursuant to the terms of this Agreement or otherwise. Notwithstanding any other provision of this Agreement to the contrary, unless otherwise provided, the Parties agree that the LOCALITY/VDOT and the CVTA shall not be bound by any agreements between either Party and other persons or entities concerning any matter which is the subject of this Agreement, unless and until the LOCALITY/VDOT and the CVTA has, in writing, received a true copy of such agreement(s) and has affirmatively agreed, in writing, to be bound by such Agreement.
9. This Agreement may be terminated by either Party upon 30 days advance written notice to the other Party. Eligible Project expenses incurred through the date of termination shall be reimbursed in accordance with paragraph 3.a., subject to the limitations established in this Agreement and Appendix A. Upon termination and unless otherwise agreed to, the CVTA shall retain ownership of plans and specifications. Right-of-way acquired with CVTA funding shall be transferred to the jurisdiction in which the Project is located, unless otherwise agreed. The LOCALITY/VDOT may retain plans, specifications, and right-of-way if all CVTA funds expended for the project are reimbursed to the CVTA.

10. Prior to taking any action alleging breach of this Agreement, the CVTA shall provide notice to the LOCALITY/VDOT with a specific description of the LOCALITY/VDOT breach of this Agreement. Upon receipt of a notice of breach, the LOCALITY/VDOT will be provided the opportunity to cure such breach or to provide a plan to cure to the satisfaction to the CVTA. If, within sixty (60) days after receipt of the written notice of breach, the LOCALITY/VDOT has neither cured the breach, nor is diligently pursuing a cure of the breach, then upon receipt by the LOCALITY/VDOT of a written notice from the CVTA stating that the breach has neither been cured, nor is the LOCALITY/VDOT diligently pursuing a cure, the CVTA may exercise any remedies it may have under this Agreement or at law or in equity.
11. The LOCALITY/VDOT and CVTA acknowledge and agree that this Agreement has been prepared jointly by the Parties and shall be construed in accordance with its fair meaning and not strictly for or against any Party.
12. This Agreement, when properly executed, shall be binding upon both Parties, their successors, and assigns.
13. This Agreement may be modified only in writing by mutual agreement of the Parties.

The remainder of this page is BLANK

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed as of the day, month, and year first herein written.

LOCALITY/VDOT, VIRGINIA:

Signature

Typed or printed name of signatory

Title

Date

Signature of Witness

Date

NOTE: The official signing for the LOCALITY/VDOT must attach a certified copy of his or her authority to execute this agreement.

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY:

Chair
Central Virginia
Transportation Authority

Date

Signature of Witness

Date

Attachments

Appendix A

Appendix B

Appendix A - Locally Administered

<u>PROJECT SCHEDULE:</u>											
Project Details											
						Locality:					
						CVTA Project Name:		Fall Line Trail: Wayfinding Implementation			
						CVTA Project Number:		TBD			
						UPC Number (If Applicable):					
						CVTA Program Coordinator					
						Local Program Manager:					
						Scope of Services:		Wayfinding Implementation			
						Allocated Project Funding Amount:					
Schedule											
Milestone						Anticipated Date					
Project Scoping Meeting											
Survey											
Utility Designation (If Applicable)											
Geotechnical Engineering Report											
Conceptual Design Phase Submittal (If Applicable)											
Approved NEPA Document (If Applicable)											
Preliminary Design Phase Submittal											
Citizen Information Meeting (If Applicable)											
Post Willingness (if Applicable)											
Public Hearing (If Applicable)											
Utility Field Inspection (If Applicable)											
ROW Design Phase Submittal (If Applicable)											
ROW Acquisition											
Relocate Utilities (If Applicable)											

Final Construction Design Phase Submittal			
Draft Invitation for Bid Submittal			
Invitation for Bid Advertisement			
Environmental Permits Obtained (If Applicable)			
Begin Construction			
End Construction			

APPENDIX B

PROJECT BUDGET & CASH FLOW

CVTA PROJECT: [●] **FALL LINE TRAIL: WAYFINDING IMPLEMENTATION**

UPC NUMBER (IF APPLICABLE):

LOCALITYPROGRAM MANAGER: [●]

<u>CONTRACTOR/SUPPLIER</u>	<u>INVOICE #</u>	<u>INVOICE DATE</u>	<u>AMOUNT</u>	<u>PAYMENT INSTRUCTIONS</u>	<u>DATE PAID</u>	<u>DRAW #:</u>
<u>REMIT TO: LOCALITY</u>	<u>SEE ATTACHED PAID INVOICE LISTING</u>	-	\$0.00	<u>REMIT TO:</u>		
-	-	-	-	0		
-	-	-	-	<u>BANK:</u>		
-	-	-	-	<u>ABA NUMBER:</u>		
-	-	-	-	<u>ACCT #:</u>		
-	-	-	-	-		
-	-	-	-	<u>EMPLOYER ID:</u>		
-	-	-	-	-		
-	-	-	-	-		
<u>TOTAL</u>	-	-	\$	-		

***IF ADDITIONAL YEARS ARE NEEDED, PLEASE SUBMIT A SEPARATE FORM WITH ADDITIONAL COLUMNS.**

**THIS APPENDIX B IS CERTIFIED AND MADE AN OFFICIAL ATTACHMENT TO THE
STANDARD PROJECT AGREEMENT DOCUMENTED BY THE PARTIES OF THIS
AGREEMENT**

DATE

APPENDIX C

FORM OF PAYMENT REQUISITION

CVTA Project: Fall Line Trail: Wayfinding Implementation

UPC Number (If Applicable): _____

Project Scope/Services Description: _____

Draw Request Number: _____

Date: _____, 20__

Central Virginia Transportation Authority

[●]

Attention _____, Program Coordinator:

This requisition is submitted in connection with the Standard Project Administration Agreement for Funding and Administration for the project services noted above and dated _____, 20__ (the "Agreement") between the Central Virginia Transportation Authority ("CVTA") and the LOCALITY. LOCALITY hereby requests \$_____ of CVTA funds, to pay the costs of the project services described and set forth in Appendices A and B of the Agreement ("Project Services") and in accordance with the Agreement. Also included are copies of each invoice relating to the items for which payment is requested.

The undersigned certifies (i) the amounts included within this requisition will be applied solely and exclusively for the payment or the reimbursement of LOCALITY's costs of the Project Services, (ii) LOCALITY is responsible for payment to vendors/contractors, (iii) LOCALITY is not in breach or default with respect to any of its obligations under the Agreement, including without limitation (but only if applicable) tax covenants, (iv) the representations and warranties made by LOCALITY in the Agreement are true and correct as of the date of this Requisition and (v) to the knowledge of LOCALITY, no condition exists under the Agreement that would allow CVTA to withhold the requested payment.

LOCALITY

By: _____

Name: _____

Title: _____

Recommended For Payment

By: _____

Name: _____

Title: CVTA Program Coordinator

**Central Virginia Transportation Authority
Annual Certification of Expenditures
Greater Richmond Transit Company (GRTC)**

Central Virginia Transportation Authority (CVTA) member jurisdictions and the Greater Richmond Transit Company (GRTC), which receive revenues from the Central Virginia Transportation Fund (Fund), must annually provide sufficient documentation as required by the CVTA showing that they used the revenues distributed to them under Chapter 37, Title 33.2 of the *Code of Virginia* (§33.2-3701) for purposes set forth therein.

Fund revenues returned to member jurisdictions must be used to improve local mobility, which may include construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality.

Fund revenues distributed to GRTC must be used to provide transit and mobility services in Planning District 15 as defined in GRTC’s Regional Public Transportation Plan developed in conformance with guidelines required by the Code of Virginia (§33.2-286) and approved by CVTA pursuant to the Chapter 1235.

GRTC has submitted documentation sufficient to meet the requirements of Chapter 37, Title 33.2 of the *Code of Virginia* (§33.2-3701), including its Regional Public Transportation Plan, quarterly reports to the CVTA, and this Annual Certification Report.

Pursuant to and in compliance with these requirements and in conjunction with the documentation submitted as part of this Annual Certification, I hereby certify, on behalf of GRTC that all revenues distributed to GRTC from the Fund were used in compliance with the applicable provisions of Chapter 37, Title 33.2 of the *Code of Virginia* (§33.2-3701) as shown by the submitted documentation.

Signed:


Sheryl Adams
Chief Executive Officer

November 19, 2024

Date

**GRTC Transit System
CVTA Special Fund Annual Certification Report
For the Year Ended June 30, 2024
Full Year Summary**

Beginning Balance @ June 30, 2023		<u>\$ 36,106,150.25</u>
<u>Receipts:</u>		
Subtotal Receipts		\$ 34,600,877.97
<u>Uses:</u>		
Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan		\$ -
Subtotal Costs Incurred in preparing GRTC Micromobility Plan		\$ (123,287.41)
<u>GRTC Operating and Capital Expense</u>		
GRTC Operating Expense	(22,914,050.00)	
GRTC Capital Expense	<u>(494,635.00)</u>	
Subtotal GRTC Operating and Capital Expense		\$ (23,408,685.00)
Ending Balance @ June 30, 2024		<u>\$ 47,175,055.81</u>

Breakdown by Quarter 1st Quarter Activity

Beginning Balance @ June 30, 2023		\$	36,106,150.25
 Receipts:			
July 28, 2023 GRTC 15% Funds Distribution - Month of June 2023	\$		2,712,261.23
August 25, 2023 GRTC 15% Funds Distribution - Month of July 2023			2,578,996.36
September 27, 2023 GRTC 15% Funds Distribution - Month of August 2023			2,603,255.61
July 1, 2023 Interest Income WF Treasury Sweep June 2023			45,994.30
July 31, 2023 Interest Income LGIP EM- July 2023			74,218.30
July 31, 2023 July 2023 LGIP EM Share unrealized gain/(loss)			22,792.35
August 1, 2023 Interest Income WF Treasury Sweep July 2023			42,076.47
August 31, 2023 Interest Income LGIP EM- August 2023			78,750.84
August 31, 2023 August 2023 LGIP EM Share unrealized gain/(loss)			-
September 1, 2023 Interest Income WF Treasury Sweep August 2023			47,722.02
September 30, 2023 Interest Income LGIP EM- September 2023			78,537.85
Subtotal Receipts			\$ 8,284,605.33
 Uses:			
<u>Costs incurred in preparing GRTC Regional Public Transportation Plan</u>			
Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan			\$ -
 <u>Costs incurred in preparing GRTC Micromobility Plan</u>			
Four Square Invoice 06219 Microtransit Implementation Plan	\$	(9,615.23)	
Four Square Invoice 06325 Microtransit Implementation Plan		(23,573.92)	
Four Square Invoice 06326 Microtransit Implementation Plan		(22,984.42)	
Subtotal Costs Incurred in preparing GRTC Micromobility Plan			\$ (56,173.57)
 <u>GRTC Operating and Capital Expense</u>			
GRTC Operating Expense Qtr 1 FY2024 Draw	\$	(5,728,512.50)	
GRTC Capital Expense Qtr 1 FY2024 Local Share Draw		(123,658.75)	
Subtotal GRTC Operating and Capital Expense			\$ (5,852,171.25)
Ending Balance @ September 30, 2023			\$ 38,482,410.76

Breakdown by Quarter 2nd Quarter Activity

Beginning Balance @ September 30, 2023		\$	38,482,410.76
<u>Receipts:</u>			
November 1, 2023 GRTC 15% Funds Distribution - Month of September 2023	\$		2,798,401.56
November 28, 2023 GRTC 15% Funds Distribution - Month of October 2023			2,746,724.12
October 1, 2023 Interest Income WF Treasury Sweep September 2023			56,946.75
October 31, 2023 Interest Income LGIP EM- October 2023			82,367.91
October 31, 2023 October 2023 LGIP EM Share unrealized gain/(loss)			23,026.92
November 1, 2023 Interest Income WF Treasury Sweep October 2023			45,213.60
November 30, 2023 Interest Income LGIP EM- November 2023			83,310.31
November 30, 2023 November 2023 LGIP EM Share unrealized gain/(loss)			69,330.80
December 1, 2023 Interest Income WF Treasury Sweep November 2023			54,716.72
December 31, 2023 Interest Income LGIP EM- December 2023			84,516.41
December 31, 2023 December 2023 LGIP EM Share unrealized gain/(loss)			<u>92,777.33</u>
Subtotal Receipts		\$	8,938,196.50
<u>Uses:</u>			
<u>Costs incurred in preparing GRTC Regional Public Transportation Plan</u>			
Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan		\$	-
<u>Costs incurred in preparing GRTC Micromobility Plan</u>			
Four Square Invoice 06451 Microtransit Implementation Plan	\$		(17,598.78)
Four Square Invoice 06623 Microtransit Implementation Plan	\$		(23,025.17)
Four Square Invoice 06624 Microtransit Implementation Plan			<u>(6,338.75)</u>
Subtotal Costs Incurred in preparing GRTC Micromobility Plan		\$	(46,962.70)
<u>GRTC Operating and Capital Expense</u>			
GRTC Operating Expense Qtr 2 FY2024 Draw	\$		(5,728,512.50)
GRTC Capital Expense Qtr 2 FY2024 Local Share Draw			<u>(123,658.75)</u>
Subtotal GRTC Operating and Capital Expense		\$	(5,852,171.25)
Ending Balance @ December 31, 2023		\$	41,521,473.31

Breakdown by Quarter 3rd Quarter Activity

Beginning Balance @ December 31, 2023	<u>\$ 41,521,473.31</u>
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Receipts:

January 25, 2024 GRTC 15% Funds Distribution - Month of December 2023	\$ 2,758,391.90	
February 27, 2024 GRTC 15% Funds Distribution - Month of January 2024	2,956,383.38	
March 29, 2024 GRTC 15% Funds Distribution - Month of February 2024	2,588,196.71	
January 1, 2024 Interest Income WF Treasury Sweep December 2023	71,050.38	
January 31, 2024 Interest Income LGIP EM- January 2024	84,635.13	
January 31, 2024 January 2024 LGIP EM Share unrealized gain/(loss)	23,279.25	
February 1, 2024 Interest Income WF Treasury Sweep January 2024	59,100.55	
February 29, 2024 Interest Income LGIP EM- February 2024	86,264.28	
February 29, 2024 February 2024 LGIP EM Share unrealized gain/(loss)	(70,092.74)	
March 31, 2024 Interest Income WF Treasury Sweep February 2024	63,755.75	
March 31, 2024 Interest Income LGIP EM- March 2024	86,310.58	
March 31, 2024 March 2024 LGIP EM Share unrealized gain/(loss)	<u>23,451.12</u>	

Subtotal Receipts	\$ 8,730,726.29
--------------------------	-----------------

Uses:

Costs incurred in preparing GRTC Regional Public Transportation Plan

Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan	\$ -
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Costs incurred in preparing GRTC Micromobility Plan

Four Square Invoice 06884 Microtransit Implementation Plan	\$ (4,184.36)	
Four Square Invoice 06885 Microtransit Implementation Plan	(6,474.60)	
Four Square Invoice 06719 Microtransit Implementation Plan	<u>(9,492.18)</u>	

Subtotal Costs Incurred in preparing GRTC Micromobility Plan	\$ (20,151.14)
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GRTC Operating and Capital Expense

GRTC Operating Expense Qtr 3 FY2024 Draw	\$ (5,728,512.50)	
GRTC Capital Expense Qtr 3 FY2024 Local Share Draw	<u>(123,658.75)</u>	

Subtotal GRTC Operating and Capital Expense	\$ (5,852,171.25)
--	-------------------

Ending Balance @ March 31, 2024	<u>\$ 44,379,877.21</u>
--	-------------------------

Breakdown by Quarter 4th Quarter Activity

Beginning Balance @ March 31, 2024		\$	<u>44,379,877.21</u>
 Receipts:			
April 25, 2024 GRTC 15% Funds Distribution - Month of March 2024	\$		2,655,542.53
May 31, 2024 GRTC 15% Funds Distribution - Month of April 2024			2,854,497.66
June 25, 2024 GRTC 15% Funds Distribution - Month of May 2024			2,638,954.87
April 1, 2024 Interest Income WF Treasury Sweep March 2024			80,355.32
April 30, 2024 Interest Income LGIP EM- April 2024			83,230.85
April 30, 2024 April 2024 LGIP EM Share unrealized gain/(loss)			(47,075.90)
May 1, 2024 Interest Income WF Treasury Sweep April 2024			66,720.34
May 31, 2024 Interest Income LGIP EM- May 2024			83,492.29
May 31, 2024 May 2024 LGIP EM Share unrealized gain/(loss)			47,243.71
June 1, 2024 Interest Income WF Treasury Sweep May 2024			78,127.52
June 30, 2024 Interest Income LGIP EM- June 2024			82,554.80
June 30, 2024 June 2024 LGIP EM Share unrealized gain/(loss)			<u>23,705.86</u>
Subtotal Receipts		\$	8,647,349.85
 Uses:			
<u>Costs incurred in preparing GRTC Regional Public Transportation Plan</u>			
Subtotal Costs Incurred in preparing GRTC Regional Public Transportation Plan		\$	-
 <u>Costs incurred in preparing GRTC Micromobility Plan</u>			
Subtotal Costs Incurred in preparing GRTC Micromobility Plan		\$	-
 <u>GRTC Operating and Capital Expense</u>			
GRTC Operating Expense Qtr 4 FY2024 Draw	\$		(5,728,512.50)
GRTC Capital Expense Qtr 4 FY2024 Local Share Draw			<u>(123,658.75)</u>
Subtotal GRTC Operating and Capital Expense		\$	(5,852,171.25)
Ending Balance @ June 30, 2024		\$	<u>47,175,055.81</u>



Greater Richmond Transit Company

Financial Report

June 30, 2024

Greater Richmond Transit Company

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Independent Auditor's Report

To the Honorable Members of the Board of Directors of
Greater Richmond Transit Company
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Greater Richmond Transit Company and its blended component unit as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Greater Richmond Transit Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Richmond Transit Company and its blended component unit, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Greater Richmond Transit Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greater Richmond Transit Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Greater Richmond Transit Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Greater Richmond Transit Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Summarized Comparative Information

We have previously audited Greater Richmond Transit Company's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2023. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greater Richmond Transit Company's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024, on our consideration of Greater Richmond Transit Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Richmond Transit Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Richmond Transit Company's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 11, 2024

Greater Richmond Transit Company

Management's Discussion and Analysis

June 30, 2024

Herein contained are the audited financial statements for the year ended June 30, 2024, for the Greater Richmond Transit Company (the "Company"). This report contains the Company's Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. This information, in conjunction with the related notes, provides full disclosure of all the material financial operations of the Company. These statements are the representations of management, who bear the responsibility for their accuracy, completeness, and fairness. Management is committed to providing accurate, concise and quality financial information to the governmental supporters, residential users of our services, and to all other interested parties. Management believes the data, as presented, is accurate in all material respects, and fairly sets forth the financial position and results of operations of the Company and makes disclosures necessary to enable the reader to gain a well-informed understanding of the financial affairs of the Company.

In June 1999, the Governmental Accounting Standards Board (GASB) issued a Statement titled, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the Company prepares and presents financial information. The statement established the current requirements and reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easy to understand and useful to the people who use governmental financial information to make decisions. The following are required by the statement:

Statement of Net Position

This statement is designed to display the financial position of the Company. This statement reports all assets, including capital assets and infrastructure, and liabilities of the Company.

Statement of Revenues, Expenses and Changes in Net Position

This statement reports revenues and expenses in a format that focuses on the entire operating results of the Company. Other non-operating revenues, operating contributions and capital asset transactions are also included in this statement.

Statement of Cash Flows

This statement shows the actual cash inflows and outflows of the Company using the direct method of presentation.

Management's discussion and analysis regarding the results of operations and financial position as of June 30, 2024 and 2023, and for the years then ended follows.

Greater Richmond Transit Company

Management's Discussion and Analysis

June 30, 2024

Results of Operations

	2024	2023
Governmental purchased service	\$ 200,000	\$ 200,000
Charter revenue	45,529	-
Special service revenue	1,211,409	1,337,914
Advertising revenue	3,250	464,004
Total operating revenues	1,460,188	2,001,918
Salaries and wages	33,185,357	27,480,517
Employee benefits and payroll taxes	18,748,319	19,503,660
Fees and services	3,938,754	2,990,471
Materials and supplies	8,066,470	7,171,843
Utilities	575,735	781,661
Insurance	2,106,861	1,687,237
Purchased transportation services	8,334,213	7,150,540
Other	1,869,750	2,257,162
COVID-19 expenses	202,048	216,536
Depreciation and amortization	9,965,421	10,540,380
Total operating expenses	86,992,928	79,780,007
Operating loss	(85,532,740)	(77,778,089)
Other non-operating revenues and expenses, net	1,171,150	607,511
Operating contributions	74,110,294	64,662,962
Capital grant contributions	19,711,233	7,922,242
Gain on disposal of capital assets	-	9,092
Change in net position	9,459,937	(4,576,282)
Net position, beginning of year	36,124,028	40,700,310
Net position, end of year	\$ 45,583,965	\$ 36,124,028

The Company's results of operations for the year ended June 30, 2024, reflect an increase in total net position of \$9,459,937.

All services provided by the Company are dependent upon the availability of operating revenues, non-operating revenues, operating contributions, and capital grant contributions. Operating revenues include governmental revenues in the form of purchase-of-service agreements with local governments; charter revenue for charter services provided through local transportation companies; special service revenue in the form of contract business with local universities; and advertising revenue from sales of various bus advertising displays.

With the onset of the COVID-19 pandemic in 2020, ridership decreased between 30% to 40% overall from 2019 levels. During FY 2024, ridership now exceeds pre-pandemic levels, and the Company experienced approximately 114% growth in ridership over FY 2023. With the understanding that a significant portion of GRTC passengers were essential front-line workers, the Company stopped charging fares in March 2020 and continued with zero fares thereafter with the commitment being carried through FY 2025. The Company has utilized increased levels of State Operating Contributions (TSDAC) and a State TRIP Grant along with matching contributions to fill the funding void as a result of the zero-fare.

Greater Richmond Transit Company

Management's Discussion and Analysis

June 30, 2024

Operating revenue of \$1,460,188 in FY 2024 decreased \$541,730 from FY 2023. Advertising revenue decreased by \$460,754 due to the Company suspending its advertising program in FY 2023 and during FY 2024 the Company's advertising policy and program was revamped and the resources to manage the program were being put in place. Charter revenue increased for FY 2024 by \$45,529 due to the Company having increased operator staffing allowing charter work to be accomplished. Special service revenue decreased by \$126,505 due to the removal of frequency incentives in the contract renewal.

Operating expenses increased \$7,212,921 over FY 2023. Contributing to the increase in expense was:

- Salaries and Wages increased \$5,704,840 due to an increase in staffing levels in operating and maintenance and annual wage increases contained in the current Collective Bargaining Unit Agreement and recruiting and retention incentives paid to attract and retain operators and mechanics.
- Fees and Services increased \$948,283 due to consulting studies for the BRT expansion offset by a reduction advertising expense from FY 2023 related to recruitment of operators and mechanics.
- Materials and supplies increased \$894,627 due to increased revenue milage over FY 2024 increasing the demand for equipment and parts purchases.
- Purchased transportation costs increased in FY 2024 by \$1,183,673 due to demand for services and increased service costs from third party providers. Specialized service includes the paratransit (CARE) service, Care on Demand, as well as the welfare-to-work (CVAN) service. GRTC provided an optional premium service "Care on Demand" that supports the paratransit eligible participant to book their services the same day with singular occupancy for their trip. This service reduces the overall cost per trip and was a portion of the cause for the decreased expenses.

Other non-operating revenues and expenses, net include interest on cash temporarily idle during the year that is invested in a highly liquid investment portfolio with the Virginia Local Government Investment Pool (LGIP) and other income not part of the ordinary income from operations. This amount increased in FY 2024 by \$563,639, primarily due to strong performance of the LGIP accounts and Treasury sweep accounts that earned higher interest income during the year driven by the increase in the Federal rates and higher average invested balances.

Operating contributions, which accounts for approximately 85% in FY 2024 and 81% in FY 2023 of operating expenses, respectively, came directly from various governmental grant subsidies and operating contributions from the Central Virginia Transportation Authority, Virginia Department of Rail and Public Transportation (State), Federal Transit Administration (FTA), City of Richmond, and other local organizations. Funding for operations from the Federal Government increased by \$9,844,995 in FY 2024 due to an increase in the use of Federal COVID Relief funding versus the prior year to support the operator training programs and due to increases in federal formula grants for preventative maintenance. Capital grants and contributions are used to purchase nearly all capital assets of the Company and include funding from the Federal Transit Administration, Central Virginia Transportation Authority, City of Richmond, and the Virginia Department of Rail and Public Transportation. Capital grants and contributions increased in FY 2024 by \$11,788,991 as a result of the purchasing of rolling stock and investments in infrastructure during the current year.

The increase in net position of \$9,459,937 includes \$9,965,421 in noncash operating expenses relating to depreciation and amortization recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

Greater Richmond Transit Company

Management's Discussion and Analysis

June 30, 2024

Financial Position

	2024	2023
Current and other assets	\$ 80,719,884	\$ 71,758,603
Capital assets	88,919,037	73,029,946
Total assets	<u>169,638,921</u>	<u>144,788,549</u>
Deferred outflows	17,446,444	29,977,146
Current liabilities	14,366,334	10,255,238
Long-term liabilities	66,705,420	69,092,014
Total liabilities	<u>81,071,754</u>	<u>79,347,252</u>
Deferred inflows	60,429,646	59,294,415
Net investment in capital assets	85,643,646	72,516,012
Restricted	4,415,640	5,502,483
Unrestricted	<u>(44,475,321)</u>	<u>(41,894,467)</u>
Net position	<u>\$ 45,583,965</u>	<u>\$ 36,124,028</u>

Current and other assets increased by \$8,961,281 primarily due to receipt of distributions from Central Virginia Transportation Authority (CVTA) to be expended in accordance with the approved Regional Public Transportation Plan for FY 2024 and due to an increase in grant receivables due to the timing of rolling stock receipts in June 2024 and zero fare support from the Commonwealth of Virginia. Capital assets increased by \$15,889,091, primarily due to the purchases of rolling stock offset by annual depreciation and amortization of capital assets. Current liabilities increased by \$4,111,096 due to higher accounts payable due to the timing of capital purchases at the end of FY 2024 and an increase in the liability for self-insured loss. Long-term liabilities decreased by \$2,386,594 primarily due to the decrease in pension liability (see Note 8).

Requests for Information

The financial report is designated to provide our customers, investors, and creditors with a general overview of GRTC's finances and to show the Company's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial and Administrative Officer, 301 East Belt Boulevard, Richmond, Virginia 23224.



Financial Statements

Greater Richmond Transit Company

Statement of Net Position

June 30, 2024

	<u>2024</u>	<u>For Comparative Purposes Only 2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 59,464,758	\$ 54,929,886
Receivables:		
Grants (Note 4)	9,023,448	3,601,546
Trade	33,438	129,167
Other	869,724	1,762,862
Total receivables	9,926,610	5,493,575
Allowance for uncollectibles	(150,000)	(38,250)
Net receivables	9,776,610	5,455,325
Prepaid expenses	394,360	359,018
Total current assets	<u>69,635,728</u>	<u>60,744,229</u>
RESTRICTED ASSETS		
Cash and cash equivalents (Notes 3 and 5)	<u>2,719,786</u>	<u>2,719,786</u>
OTHER ASSETS		
Materials and supplies	1,147,510	1,124,632
Cash and cash equivalents, board-designated (Notes 3 and 10)	5,772,966	5,772,966
Subscription prepayments (Note 7)	1,443,894	1,396,990
Total other assets	<u>8,364,370</u>	<u>8,294,588</u>
CAPITAL ASSETS, NET (Note 5)	<u>88,919,037</u>	<u>73,029,946</u>
Total assets	<u>169,638,921</u>	<u>144,788,549</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals (Note 8)	17,446,444	29,977,146
Total assets and deferred outflows of resources	<u><u>\$ 187,085,365</u></u>	<u><u>\$ 174,765,695</u></u>

Greater Richmond Transit Company

Statement of Net Position

June 30, 2024

	2024	For Comparative Purposes Only 2023
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 6,389,088	\$ 3,842,051
Accrued expenses:		
Payroll related	1,873,671	1,548,087
Accrued uninsured accident claims (Note 9)	1,320,700	621,450
Other accrued expenses	762,764	654,246
Compensated absences	910,096	884,770
Unearned operating revenue	115,727	127,136
Grant funding received in advance	2,211,845	1,937,156
Note payable, City of Richmond	543,100	543,100
Current portion of lease liability (Note 6)	86,143	81,821
Current portion of subscription liability (Note 7)	137,779	-
Other post-employment benefits	15,421	15,421
Total current liabilities	14,366,334	10,255,238
LONG-TERM LIABILITIES		
Net pension liability (Note 8)	65,428,146	68,659,901
Lease liability, less current portion (Note 6)	345,969	432,113
Subscription liability, less current portion (Note 7)	931,305	-
Total long-term liabilities	66,705,420	69,092,014
Total liabilities	81,071,754	79,347,252
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals (Note 8)	15,069,188	23,731,695
Deferred revenue - Central Virginia Transit Authority (CVTA) funds (Note 17)	45,360,458	35,562,720
Total deferred inflows of resources	60,429,646	59,294,415
NET POSITION		
Net investment in capital assets	85,643,646	72,516,012
Restricted, capital projects (Notes 3 and 5)	2,719,786	2,719,786
Restricted, annual regional public transportation and microtransit plans (Note 17)	1,695,854	2,782,697
Unrestricted	(44,475,321)	(41,894,467)
Total net position	45,583,965	36,124,028
Total liabilities, deferred inflows of resources, and net position	\$ 187,085,365	\$ 174,765,695

Greater Richmond Transit Company

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

	2024	For Comparative Purposes Only 2023
OPERATING REVENUES		
Governmental purchased service	\$ 200,000	\$ 200,000
Charter	45,529	-
Special service	1,211,409	1,337,914
Advertising	3,250	464,004
Total operating revenues	1,460,188	2,001,918
OPERATING EXPENSES		
Salaries and wages	33,185,357	27,480,517
Employee benefits and payroll taxes	18,748,319	19,503,660
Fees and services	3,938,754	2,990,471
Materials and supplies	8,066,470	7,171,843
Utilities	575,735	781,661
Insurance and provision for uninsured accident claims	2,106,861	1,687,237
Purchased transportation services (Note 14)	8,334,213	7,150,540
Other	1,869,750	2,257,162
COVID-19 expense	202,048	216,536
Depreciation and amortization	9,965,421	10,540,380
Total operating expenses	86,992,928	79,780,007
Operating loss	(85,532,740)	(77,778,089)
NONOPERATING REVENUES (EXPENSES)		
Operating contributions:		
Federal Transit Administration	4,696,855	1,719,878
Federal Transit Administration ARPA funds	8,921,724	2,053,706
City of Richmond	8,824,665	8,397,015
County of Henrico	4,242,935	4,034,641
County of Chesterfield	1,490,370	235,170
Virginia Department of Rail and Public Transportation	22,146,974	24,949,239
Virginia Department of Rail and Public Transportation - CMAQ	582,081	676,560
Central Virginia Transportation Authority Funds (Note 17)	23,164,050	22,222,423
Other local organizations, matching contributions	40,640	374,330
Total operating contributions	74,110,294	64,662,962
Capital transactions:		
Capital grants and contributions	19,711,233	7,922,242
Gain on disposal of capital assets	-	9,092
Total capital transactions	19,711,233	7,931,334
Other income (expense):		
Interest income	1,109,675	596,421
Interest expense	(43,314)	-
Other income	104,789	11,090
Total other income	1,171,150	607,511
Total nonoperating revenues	94,992,677	73,201,807
Change in net position	9,459,937	(4,576,282)
NET POSITION		
Beginning of year	36,124,028	40,700,310
End of year	\$ 45,583,965	\$ 36,124,028

The Notes to Financial Statements are an integral part of this statement.

Greater Richmond Transit Company

Statement of Cash Flows

Year Ended June 30, 2024

	2024	For Comparative Purposes Only 2023
OPERATING ACTIVITIES		
Governmental purchased service receipts	\$ 200,000	\$ 200,000
Other receipts	1,675,998	593,671
Payments to employees	(32,834,447)	(28,439,565)
Payment to employee benefits and payroll taxes	(18,080,226)	(15,555,617)
Payments to suppliers and others	(23,129,090)	(20,856,270)
Net cash used by operating activities	<u>(72,167,765)</u>	<u>(64,057,781)</u>
INVESTING ACTIVITIES		
Interest income	1,109,675	596,421
Interest expense	(1,791)	-
Net cash provided by investing activities	<u>1,107,884</u>	<u>596,421</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(23,293,259)	(12,704,024)
Cash paid for lease liabilities	(81,822)	(66,553)
Subscription prepayments	(280,405)	(1,396,990)
Proceeds from sale of capital assets	-	9,092
Capital contributions Central Virginia Transportation Authority	944,802	551,870
Capital grants related local contributions	18,346,832	7,759,829
Net cash used in capital financing activities	<u>(4,363,852)</u>	<u>(5,846,776)</u>
NONCAPITAL FINANCING ACTIVITIES		
Operating contributions from federal, state, and local sources	46,197,740	49,633,359
Operating contributions from Central Virginia Transportation Authority	33,656,076	31,505,815
Miscellaneous nonoperating revenue	104,789	11,090
Net cash provided by noncapital financing activities	<u>79,958,605</u>	<u>81,150,264</u>
Increase in cash and cash equivalents	4,534,872	11,842,128
CASH AND CASH EQUIVALENTS		
Beginning of year	63,422,638	51,580,510
End of year	<u><u>\$ 67,957,510</u></u>	<u><u>\$ 63,422,638</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, current	\$ 59,464,758	\$ 54,929,886
Cash and cash equivalents, restricted	2,719,786	2,719,786
Cash and cash equivalents, board designated	5,772,966	5,772,966
	<u><u>\$ 67,957,510</u></u>	<u><u>\$ 63,422,638</u></u>

Greater Richmond Transit Company

Statement of Cash Flows

Year Ended June 30, 2024

	2024	For Comparative Purposes Only 2023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (85,532,740)	\$ (77,778,089)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	9,965,421	10,540,380
Loss on disposal of capital assets	515,527	-
Pension expense, net of employer contributions	636,440	4,561,429
Change in current assets and liabilities:		
Receivables, trade and other, net	427,219	(1,207,241)
Prepaid expenses	(35,342)	400,305
Materials and supplies	(22,878)	(71,194)
Accounts payable	772,842	1,179,749
Accrued expenses	1,091,829	(1,850,484)
Compensated absences	25,326	168,370
Unearned revenue	(11,409)	(1,006)
Net cash used by operating activities	\$ (72,167,765)	\$ (64,057,781)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital purchases included in accounts payable at year-end	\$ 1,774,195	\$ -
Acquisition of lease asset:		
Right-of-use asset lease	\$ -	\$ 548,175
Deferred rent liability applied	-	32,312
Lease liability incurred	-	(580,487)
Cash paid paid to acquire right-of-use asset	\$ -	\$ -
Acquisition of subscription asset:		
Subscription aquired	\$ 1,302,585	\$ -
Prepayment applied	(233,501)	-
Amount financed	(1,069,084)	-
Cash paid to aquire subscription	\$ -	\$ -

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Note 1 – Organization

Reporting Entity

Greater Richmond Transit Company (the Company or GRTC) is a public service corporation incorporated on April 12, 1973, and organized to provide mass transportation services to the Richmond Metropolitan area. The Company began operations on September 1, 1973, by purchasing the assets of the Virginia Transit Company. The Company is a joint venture between the City of Richmond and County of Chesterfield, Virginia to provide mass transportation for passengers on a regional basis and associated para-transit service mandated by the Americans with Disabilities Act for the purposes of providing continuous services within and between the jurisdictions of the City of Richmond, Chesterfield County and Henrico County. The Company is governed by a nine-member board of directors; three of which are appointed by the City of Richmond, three of which are appointed by Chesterfield County, and three of which are appointed by Henrico County.

The accompanying annual financial report includes the financial activities of the Company, and its blended component unit, Ridefinders. Financial information for the Company and the blended component unit is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Government Accounting Standards Board.

Blended Component Unit

Greater Richmond Transit Company is stock, non-profit corporation established to foster community participation in the Greater Richmond, Virginia area in ridesharing activities, including carpools, vanpools, and traditional transit. Ridefinders is the regional non-profit ridesharing and transportation demand management agency that works to move more commuters in fewer vehicles throughout the Central Virginia region to protect air quality and increase the efficiency of the region's transportation network. The Company and Ridefinders have a financial and operational relationship which requires that Ridefinders' financial statements be blended into the Company's financial statements. Condensed combining financial statements for the Company and its blended component unit are presented in Note 16.

Note 2 – Summary of Significant Accounting Policies

The accounting policies affecting the significant elements of the financial statements are as follows:

- The financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting wherein all assets and liabilities associated with the operation of these activities are included in the statement of net position.

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Company applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

In June 1999, the GASB issued a statement titled, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the Company prepares and presents financial information. The statement established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easy to understand and useful to the people who use governmental financial information to make decisions and includes:

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Management's Discussion and Analysis

The reporting model statement requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Statement of Net Position

This statement is designed to display the financial position of the governmental entity. Governments report all assets, including capital assets and infrastructure, in the statement of net position.

Statement of revenues, expenses, and changes in net position

This statement reports revenues and expenses in a format that focuses on the entire operating results of the governmental entity. Capital asset transactions are included in this statement.

Statement of Cash Flows

This statement is displayed using a direct format whereby actual cash inflows and outflows are presented.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during that period. Actual results could differ from those estimates and assumptions.

Revenues and Expenses

Charter, special service, and advertising revenues are recorded as revenue at the time such services are performed. Revenues from governmental grants are earned when the expenses related to the grants are incurred.

Governmental purchased service is comprised of funds received from the City of Petersburg to subsidize the operation of express bus routes.

The Company reports as nonoperating revenues and expenses amounts arising from capital asset transactions, operating grant contributions from governmental entities, investment related transactions and miscellaneous nonoperating revenues and expenses.

Operating losses are subsidized in part by operating grants from the Federal Transit Administration (FTA), the Virginia Department of Rail and Public Transportation (VDRPT), the City of Richmond, the County of Chesterfield, and the County of Henrico. The funding from VDRPT is for fuel, tires, Free Fare, maintenance parts and supplies and administrative expenses. Among other requirements of the FTA grants, state and local governments must provide a certain matching share of funds and/or support (as defined by FTA guidelines) for operating assistance. The FTA, state, and city grants are subject to financial and compliance audits. Such audits could result in requests for reimbursement to the granting agency for expenditures disallowed under the terms of the grants.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with initial maturities of three months or less. Designated cash at June 30, 2024, represents funds reserved by the Board of Directors for a contingency fund for unforeseen events. Restricted cash at June 30, 2024, is comprised of funds restricted for future eligible capital projects as required by FTA.

Trade Receivables

Trade accounts receivable primarily represent balances owed for advertising and marketing with the Company and bus services within the Richmond area and part of Chesterfield and Henrico counties. The Company grants credit to customers, substantially all of whom are businesses located in the vicinity of the operating locations. The Company provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Materials and Supplies

Materials and supplies, consisting primarily of replacement parts for transit equipment, are stated at cost using the moving-average cost method wherein after each goods acquisition, the average unit cost of an item is recomputed by adding the cost of the newly acquired goods or units to the cost of the units already in inventory.

Capital Assets

The Company's capital assets with useful lives of more than one year are stated at historical cost. The Company generally capitalizes assets with costs of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded as a capital transaction on the statement of revenues, expenses, and changes in net position.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Company to conclude that impairment indicators exist and that long-lived assets may be impaired.

Depreciable assets are depreciated over the following estimated useful lives:

Buildings	10 – 30 years
Buses, vans, vehicles	4 – 12 years
Bus stop and parking facilities	5 – 15 years
Shop and garage equipment	4 – 30 years
Office furniture and equipment	5 years
Software	4 – 5 years
Bus communication and other equipment	4 – 12 years
Office space leased - lease asset	term of lease
Equipment leased - lease asset	term of lease

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Right-of-Use Lease Asset and Related Lease Liability

The Company is a lessee for noncancellable leases for office space and various office equipment. The Company recognizes intangible right-to-use assets (lease asset) and a related lease liabilities on the financial statements. At the commencement of a lease, the Company initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements include how the Company determines the (1) discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Company uses an incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable periods of the leases. Lease payments are included in the measurement of the lease liability and are composed of fixed payments.
- The Company monitors any changes in circumstances that would require a remeasurement of its leases and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Subscription-Based Information Technology Arrangements (SBITAs)

The Company occasionally enters into subscription-based information technology arrangements. The County recognizes a subscription liability with values of \$5,000 or more.

At the commencement of a subscription, the Company initially measures the subscription liability at the present value of future payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to subscriptions include how the Company determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The Company monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Positions.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statements that present net position report a separate section for deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Company has the following items that qualify for reporting in these categories:

- Contributions subsequent to the measurement date for pensions are always a deferred outflow; this will be applied to the net pension liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension liability. This difference will be recognized in pension expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expenses over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from changes in assumptions on pension plan investments. These differences will be recognized in pension expense over the estimated remaining service life of employees subject to the plan.
- Revenues deferred as asset recognition criteria have not yet been met. Deferred revenues represent resources that are received that are attributable to a future period. The Company receives funding from the Central Virginia Transit Authority (CVTA) that is to be used to capital and operation needs for future fiscal years. The total is reflected as deferred revenue on the statement of net position. See Note 17 for additional information.

Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Grants

Grant funding received in advance represents grant assets received but for which revenue recognition criteria has not yet been met (i.e., funds have not yet been spent for grant-related purposes).

Note Payable

The note payable - City of Richmond is a non-interest-bearing unsecured note, which is due on demand. At June 30, 2024, the fair value of the indebtedness approximates the amount recorded in the financial statements.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Net Position

Net position is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to acquisition, construction or improvement of those assets.

When net position resources are available for a specific purpose in more than one classification, it is the Company's policy to use the most restrictive funds first in the following order: restricted and unrestricted as they are needed.

Advertising Costs

Advertising costs are expensed when incurred.

Income Taxes

The Company, as an entity formed to serve the City of Richmond and Chesterfield County (governmental entities), is exempt from federal and state income taxes.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checking accounts, money markets, and the Virginia Local Government Investment Pool (LGIP). All investment accounts maintained by the Company must abide by the general investment criteria established by the Commonwealth of Virginia for public funds.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Company's deposits may not be returned, or the Company will not be able to recover collateral securities in the possession of an outside party. Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Company's investment in a single issuer. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In order to minimize its exposure to all five of these risks, the Company has a policy of complying with the investment guidelines established by the Commonwealth of Virginia for public funds.

At June 30, 2024, the Company's deposits with banks and LGIP was \$71,993,867 and the associated total carrying value was \$67,957,510. All deposits of the Company, except the sweep accounts, are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. The money market funds are not subject to the FDIC or the Act and are therefore not collateralized. Otherwise, all deposits are considered fully collateralized.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

The carrying value of the Company's cash and cash equivalents consists of the following at June 30, 2024:

Virginia Local Government Investment Pool	\$	39,429,195
Sweep accounts		28,463,723
Petty cash funds		64,592
Total cash and cash equivalents		<u>67,957,510</u>
Restricted for future eligible capital projects as required by FTA - represents the federal interest in the sale proceeds of the former maintenance and administrative facility (Note 5)		(2,719,786)
Board designated (Note 10)		<u>(5,772,966)</u>
Unrestricted and undesignated	\$	<u><u>59,464,758</u></u>

Note 4 – Grants Receivable

Federal, state, and local grants receivable consist of the following at June 30, 2024:

Department of Transportation - Federal Transit Administration	\$	1,313,008
Virginia Department of Rail and Public Transportation		<u>7,710,440</u>
Total grants receivable	\$	<u><u>9,023,448</u></u>

Note 5 – Capital Assets

During the year ended June 30, 2010, upon completion of the new maintenance and administrative facility, the Company recorded an asset impairment loss in the amount of \$1,100,000, which represented the remaining book value of the old maintenance and administrative facility. During the subsequent years, the asset impairment loss increased \$1,002,509 and totaled \$2,102,509 at June 30, 2015. During the year ended June 30, 2016, upon sale of the old maintenance and administrative facility, the Company removed the book value of the old maintenance and administrative facility and removed the impairment loss reserve in the amount of \$2,102,509. In connection with the sale, in accordance with FTA regulations, \$2,719,786 of the sale proceeds represents the federal interest in the proceeds and is restricted for future eligible capital projects. See CIP commitments disclosed at Note 15.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Transfers and Disposals	Balance at June 30, 2024
Capital assets not subject to depreciation:				
Land	\$ 2,644,056	\$ -	\$ -	\$ 2,644,056
Construction in progress	2,838,986	2,252,909	-	5,091,895
Total capital assets not subject to depreciation	5,483,042	2,252,909	-	7,735,951
Capital assets subject to depreciation:				
Buildings	53,648,609	-	-	53,648,609
Leased building	453,752	-	-	453,752
Buses, vans, vehicles	83,872,695	15,121,626	(2,502,422)	96,491,899
Bus stop and parking facilities	4,624,509	715,321	-	5,339,830
Shop and garage equipment	1,187,464	4,806,789	-	5,994,253
Office furniture and equipment	8,853,557	-	-	8,853,557
Leased equipment	94,423	-	-	94,423
Software	3,901,000	1,406,380	-	5,307,380
Bus communications and other equipment	10,358,356	841,702	-	11,200,058
Subscriptions	-	1,302,585	-	1,302,585
Total capital assets subject to depreciation	166,994,365	24,194,403	(2,502,422)	188,686,346
Accumulated depreciation and amortization:				
Buildings	(24,593,303)	(1,770,740)	-	(26,364,043)
Leased building	(58,128)	(62,313)	-	(120,441)
Buses, vans, vehicles	(52,187,930)	(6,056,843)	1,909,622	(56,335,151)
Bus stop and parking facilities	(3,610,489)	(172,785)	-	(3,783,274)
Shop and garage equipment	(785,435)	(214,455)	-	(999,890)
Office furniture and equipment	(8,780,851)	(14,640)	-	(8,795,491)
Leased equipment	(9,442)	(18,885)	-	(28,327)
Software	(2,454,743)	(695,908)	-	(3,150,651)
Bus communications and other equipment	(6,967,140)	(788,275)	-	(7,755,415)
Subscription	-	(170,577)	-	(170,577)
Total accumulated depreciation and amortization	(99,447,461)	(9,965,421)	1,909,622	(107,503,260)
Total capital assets subject to depreciation and amortization, net	67,546,904	14,228,982	(592,800)	81,183,086
Total capital assets, net	<u>\$ 73,029,946</u>	<u>\$ 16,481,891</u>	<u>\$ (592,800)</u>	<u>\$ 88,919,037</u>

Note 6 – Lease Liability

The Company's blended component unit (Ridefinders), entered into a noncancellable lease agreement for office facilities in The Ironfronts Building. The Company recognized an intangible right-to-use asset and related lease liability at July 1, 2022. Payments of \$6,110 are due monthly and escalate each year through June 2029 and are discounted at 2.92%.

The Company, as a lessee, has entered into a noncancellable lease agreement for the use of office equipment. The lease commenced on January 1, 2023, and as a result, the Company recognized an intangible right-to-use asset and related lease liability. Payments of \$1,675 are due monthly through December 2027 and are discounted at 2.56%.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

The following is a summary of changes in the lease liability reported on the statement of net position for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Amounts Due Within One Year
Lease liability	\$ 513,934	\$ -	\$ (81,822)	\$ 432,112	\$ 86,143

Future maturities are as follows:

	Principal	Interest	Total
2025	\$ 86,143	\$ 10,896	\$ 97,039
2026	86,021	8,521	94,542
2027	90,573	6,018	96,591
2028	85,194	3,435	88,629
2029	84,181	1,178	85,359
	\$ 432,112	\$ 30,048	\$ 462,160

Note 7 – Subscription-Based Information Technology Arrangements (“SBITA”)

The Company entered into a SBITA for the creation and use of a paratransit scheduling software in March 2023. Prior to 2024, the Company had recognized a prepayment for implementation costs and the first year’s subscription license fee totaling \$233,500, which was included on the statement of net position. The software was placed in service in August 2023, and as a result, the Company recognized a subscription liability of \$1,069,084 and asset of \$1,302,585. The subscription is for an initial five-year term with the option to renew for an additional two years.

The Company entered into another SBITA for the creation and use of an enterprise resource planning system in May 2022. The Company recognized a prepayment for implementation costs and a subscription license fee totaling \$1,443,894 and \$1,163,490, for June 30, 2024 and 2023, respectively, which is included on the statement of net position. The first module of the system, payroll module, is expected to be placed in service in a future year. The subscription is for an initial five-year term with the option to renew for an additional five-year term.

The SBITA GRTC liabilities will be based on the future payments expected to be made, discounted to the estimated present value. The assets will be valued using the initial value of the liability, adjusted for payments made at or before the subscription commencement date (i.e., prepaid costs).

The following is a summary of changes in the subscription liability reported on the statement of net position for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Amounts Due Within One Year
Subscription liability	\$ -	\$ 1,069,084	\$ -	\$ 1,069,084	\$ 137,779

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 137,779	\$ 45,221	\$ 183,000
2026	152,607	39,393	192,000
2027	168,062	32,938	201,000
2028	184,171	25,829	210,000
2029	201,961	18,039	220,000
Thereafter	224,504	9,496	234,000
	<u>\$ 1,069,084</u>	<u>\$ 170,916</u>	<u>\$ 1,240,000</u>

Note 8 – Retirement Plans

The operating company, Old Dominion Transit Management Company, has four retirement plans covering substantially all employees. One plan, an Internal Revenue Service Code Section 401(a) deferred compensation plan, which is noncontributory and covers qualified salaried employees, is funded as accrued. The second and third plans, started during 2002, are contributory Internal Revenue Code Section 457(b) deferred compensation plans available to certain eligible employees. The fourth plan is described in the succeeding paragraphs. The assets of the plans are required to be held in trust. Based on the plans' governmental status, the Company's obligation under the plans is limited to its contributions. The aggregate contributions for these plans were \$4,392,522 during the year ended June 30, 2024, and are included in employee benefits and payroll taxes on the statement of revenues, expenses, and changes in net position.

Plan Description

The fourth plan mentioned in the preceding paragraph, the Old Dominion Transit Employees Disability and Retirement Allowance Plan ("the Plan"), is a single employer, defined benefit plan and is maintained pursuant to agreements between Old Dominion Transit Management Company and Local 1220 of the Amalgamated Transit Union. The Plan is administered by a committee of four people, two appointed by the Company and two by the Local 1220. Prior to August 1, 2022, the Plan covered substantially all of the employees covered under the collective bargaining agreement between Old Dominion Transit Management Company and Local 1220 who have completed 60 days of service, and also includes certain employees who are not members of Local 1220. Effective August 1, 2002, the Plan will not cover any person who is not covered by the collective bargaining unit represented by Local 1220 and is (1) hired on and after August 1, 2002, or (2) a member of the Plan as of September 30, 2002, who, on or before October 31, 2002, irrevocably waived further membership in the Plan after September 30, 2002. Participants are eligible for normal retirement after attaining age 62 with at least 5 years of continuous service. Participants who are at least age 55 with at least 20 years of service with the Company may elect to commence benefits before their normal retirement date with reduced benefits. Any participant who is at least age 55 and has continuous service such that the sum of his age and service is at least 85 is eligible for unreduced benefits. At January 1, 2023, there were 278 current active members in the Plan. At January 1, 2023, 211 retirees and beneficiaries were receiving benefits from the Plan. Any participant with at least five years of continuous service who terminated employment may elect to either (a) be paid their accumulated contributions with interest or (b) leave their contributions in the fund and become fully vested in the benefits they had accrued to the date of termination.

Benefit Formula

A formula is used to determine monthly benefits upon retirement. The retirement benefit formula is computed as 1.5% of the participant's highest four-year average monthly compensation multiplied by the number of years of the participant's continuous service, subject to a monthly minimum benefit of \$222 for participants in the Plan as of October 1, 2000. Each retirement and disability allowance being paid may be adjusted to reflect increases in the consumer price index that have occurred during the preceding year, subject to a maximum increase of 4% per year.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Status of the Plan as a Governmental Plan

By letter dated April 18, 1978, the Pension Benefit Guaranty Corporation determined that the Plan was a governmental plan under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA). By ruling dated May 29, 1979, the Internal Revenue Service determined that the Plan was a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. By letter dated January 23, 1981, the Department of Labor issued an advisory opinion that the Plan was a governmental plan within the meaning of Section 3(32) of ERISA. A governmental plan is not subject to most of the provisions of ERISA.

Publicly Available Report

The Plan issues a publicly available financial report that includes financial statements and required supplemental information for the Old Dominion Transit Employees Disability and Retirement Allowance Plan. The financial report may be obtained through management of the Company. The Plan's fiduciary net position disclosed herein has been determined on the same basis as that used by the Plan.

The Plan's separate financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Retirement and termination benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. If available, quoted market prices are used to value investments. Securities traded on a national or international exchange are valued at the last reported sales price at existing exchange rates. Bonds with no quoted market value are generally valued by comparison with comparable securities with similar yields and ratings. Investments that do not have an established market are reported at estimated fair value. Appreciation and depreciation of assets held for investment during the year are based on the fair value at the end of the Plan year as compared to the fair value at the beginning of the Plan year for investments acquired in a previous Plan year. For investments acquired during the year, appreciation and depreciation are calculated by determining the difference between fair value at the end of the Plan year and the cost basis of the investments. Gain or loss on investments disposed of (realized) during the year is calculated by comparing the sales proceeds with the cost basis for all investment disposals. Interest income is recorded on an accrual basis.

Funding Policy

The cost of providing retirement and disability benefits under the Plan is shared between the Company and the employee. The collective bargaining process between the Company and the Local 1220 determines the amount of contribution that the employee and the Company must contribute for plan benefits. The portion of such aggregate contributions to be contributed by the Company for participants who are not members of the bargaining unit represented by Local 1220, is determined by the Company. In no event, however, may the monthly contribution made by any member be less than \$25. Contribution rates are shown below:

Effective Date	Bargained		Non-Bargained	
	Employee	Employer	Employee	Employer
October 1, 2022	12.0%	15.0%	12.0%	15.0%
October 1, 2024	12.0%	15.5%	12.0%	15.5%

Contributions are vested after five years of continuous service with the Company (ten years prior to October 1, 2000, and fifteen years prior to October 1, 1997).

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Actuarial Valuation

In the latest actuarial valuation as of December 31, 2023, the consulting actuaries, Milliman, Inc., reported a total pension liability of \$105,071,057. This accrued liability less the value of the trust fund of \$39,642,911 at December 31, 2023, results in a net pension liability of \$65,428,146. The fiduciary net position as a percentage of the total pension liability was 37.73% at December 31, 2023. The 2023 annual covered payroll was \$19,168,011. The ratio of the net pension liability to annual covered payroll was 341.3% for 2023.

No Plan provisions have changed since the last actuarial valuation.

Changes in Net Pension Liability

	Total Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2022	\$ 103,201,962	\$ 34,542,061	\$ 68,659,901
Changes for the year:			
Service cost	3,070,885	-	3,070,885
Interest	4,401,942	-	4,401,942
Effect of economic/demographic gains or losses	(1,454,937)	-	(1,454,937)
Effects of assumptions changes or inputs	1,794,996	-	1,794,996
Contributions - employer	-	3,420,403	(3,420,403)
Contributions - employee	-	2,709,957	(2,709,957)
Net investment income	-	5,060,444	(5,060,444)
Benefit payments, including refunds of employee contributions	(5,943,791)	(5,943,791)	-
Administrative expense	-	(146,163)	146,163
Net changes	1,869,095	5,100,850	(3,231,755)
Balances at December 31, 2023	<u>\$ 105,071,057</u>	<u>\$ 39,642,911</u>	<u>\$ 65,428,146</u>

Actuarial Assumptions

The significant assumptions and other inputs used to measure the total pension liability are as follows:

Discount Rate	4.09%
Long term expected rate of return, net of investment expense	6.50%
Bond buyer general obligation 20-bond municipal bond index	3.26%

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the Plan's fiduciary net position is not projected to be sufficient.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Other key actuarial assumptions:

Valuation date	January 1, 2023
Measurement date	December 31, 2023
Inflation	3.00%
Salary increases including inflation	12% per year for participants with less than four years of service and 4.5% per year for participants with at least four years of service
Active and healthy inactive mortality	Rates from the separate Pub-2010 General Mortality generationally projected using Projection Scale MP-2021
Actuarial cost method	Entry age normal
Cost of living adjustments	None
Termination rate	30% at less than 1 year of service 20% between 1 and 2 years of service 15% between 2 and 4 years of service 4% at 4 years of service or greater
Retirement rate	10% at age 55 5% at ages 56 to 59 10% at ages 60 and 61 70% at age 62 40% at age 63 20% at age 64 100% at age 65

Long-Term Expected Rate of Return

The best estimate range for the long-term expected rate of return was determined by the actuaries by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2023.

Asset Class	Index	Allocation	Arithmetic Rate of Return	Geometric Rate of Return
U.S. Cash	BAML 3-month Tbill	0.11%	0.76%	0.74%
U.S. Core fixed income	Barclays Aggregate	11.94%	2.21%	2.08%
U.S. Short treasury bonds	US 1-3 Yr Gvt/Credit	1.74%	1.29%	1.24%
U.S. Government bonds	US Government	1.72%	1.67%	1.51%
U.S. Securitized Securities	US MBS	5.33%	2.64%	2.52%
U.S. Municipal bonds	Municipal	0.05%	1.58%	1.45%
Non-U.S. bonds	JPM GBI Global ExUS	0.19%	0.51%	0.05%
U.S. Equity market	Russell 3000	78.92%	5.50%	3.82%
Assumed inflation - mean			3.00%	3.00%
Assumed inflation - standard deviation			1.44%	1.44%
Portfolio real mean return			4.80%	3.73%
Portfolio nominal mean return			7.80%	6.84%
Portfolio standard deviation				14.49%
Long-term expected rate of return				6.50%

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Sensitivity Analysis

According to the actuaries, the following presents the net pension liability of the Company, calculated using the discount rate of 4.09%, as well as what the Company's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current rate.

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total pension liability	\$ 118,492,239	\$ 105,071,057	\$ 93,924,911
Fiduciary net position	39,642,911	39,642,911	39,642,911
Net pension liability	\$ 78,849,328	\$ 65,428,146	\$ 54,282,000

Depletion Date Projection

In order to determine if the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, the actuaries prepared a depletion date projection using the following techniques and assumptions:

- Current active members contribute the required employee contribution amounts.
- The Company contributes 15% of the compensation for all employees.
- Benefit payments are projected based on the actuarial assumption and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the January 1, 2023, valuation.
- Terminating and retiring members will not be replaced with new employees.
- Current administrative expenses are assumed to increase by 3.00% per year.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.50%.
- The tax-exempt, high quality general obligation municipal bond index rate is 3.26%.
- The funding policy used to determine actuarially determined contributions does not change.
- The actuarial assumptions do not change.
- The plan provisions do not change except if any material future changes have been agreed upon as of the measurement date.
- The depletion date is December 31, 2040.

Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Pension Expense and Deferred Inflows and Outflows

For the year ending June 30, 2024, the Company recognized pension expense of \$2,593,335.

The deferred inflows and outflows of resources as of June 30, 2024, are as follows:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 708,192	\$ 1,222,568
Changes of assumptions	13,022,570	13,846,620
Pension contributions made subsequent to the measurement date	1,956,895	-
Net difference between projected and actual earnings	1,758,787	-
	\$ 17,446,444	\$ 15,069,188

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

\$1,956,895 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	
2025	\$ (2,109,417)
2026	1,878,827
2027	1,239,381
2028	(588,430)

Pension Plan Data

Information about the Old Dominion Transit Employees Disability and Retirement Allowance Plan is also available in the separately issued 2023 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 ACFR may be requested from the plan's Chief Financial and Administrative Officer at 301 East Belt Boulevard, Richmond, VA, 23224.

Note 9 – Accrued Uninsured Accident Claims

The Company has joined the Virginia Transit Liability Pool (the "Pool"). Under the Pool, the Company has \$20,000,000 liability and excess coverage (with a \$325,000 self-insurance retention). At June 30, 2024, the Company was liable for any settlement in excess of \$20,000,000. Additional liability insurance is purchased through multiple insurance carriers for up to \$10,000,000 per accident.

The following schedule reflects the activity in accrued uninsured accident claims during the year ended June 30, 2024:

Balance, June 30, 2022	\$ 330,825
Provision	553,495
Claims paid	<u>(262,870)</u>
Balance, June 30, 2023	621,450
Provision	1,218,600
Claims paid	<u>(519,350)</u>
Balance, June 30, 2024	<u><u>\$ 1,320,700</u></u>

The Company records the provisions for uninsured accident claims based upon the management's estimate of the total liability for each claim. Because of the inherent uncertainties in estimating accident claims, it is at least reasonably possible that the estimates used will change in the near term.

Note 10 – Board Designated Reserves

The Board of Directors of the Company has designated cash reserves of \$5,772,966 at June 30, 2024, for a contingency fund.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Note 11 – Materials and Supplies Agreements

The Company obtains tires and tubes for its buses through a three-year agreement with The Goodyear Tire & Rubber Company (“Goodyear”) dated August 15, 2023. The agreement provides for two one-year option terms, which extends the agreement through August 15, 2028. Fees are based on a monthly fixed cost and the mileage driven by each bus. Costs incurred in connection with tires and tubes were \$483,352 for the year ended June 30, 2024, and are included in materials and supplies on the statement of revenues, expenses, and changes in net position.

Note 12 – Vanpool Program

The Company furnishes commuter vanpool services through various agreements, all of which are on a month to-month basis. The cost of such services to the Company is based on the number of passenger vans provided. Cost incurred in connection with commuter vanpool service for the year ended June 30, 2024, were \$249,225 which are included in fees and services expense on the statement of revenues, expenses, and changes in net position.

Note 13 – Union Contract

The Company has an agreement with the Amalgamated Transit Union, Local Union 1220 (the “Union”), on October 1, 2020, in connection with the Company's transit operators and mechanics. This agreement is effective from October 1, 2020, through September 30, 2023. In October 2023, the Union ratified, and the Company approved an updated agreement for the period from October 1, 2023, through September 30, 2026.

Note 14 – Purchased Transportation Services

The Company furnished specialized transportation services (CARE and CVAN services) for disabled persons through an agreement with National Express Transit Corporation dated December 1, 2022. The cost of such services to the Company is based on a fixed cost per revenue hour. Costs incurred in connection with disabled person’s specialized transportation were \$8,334,213 for the year ended June 30, 2024.

Note 15 – Commitments and Contingencies

The Company, from time to time, is a defendant in civil actions. The Company intends to vigorously defend the claims asserted against it by all claimants. The ultimate resolution of these matters is not ascertainable at this time. No provision has been made in the accompanying financial statements related to these matters.

Prior to year end, the Company entered into a contract with Rummel, Klepper & Khal LLC for construction management, engineering, and inspection services for the Downtown Transfer Plaza and demolition of the Church annex property. The total for the contract is not to exceed \$20,000,000.

Prior to year end, the Company entered into a contract with Waco, Inc for the Pulse BRT Station Platforms. The total for the contract is not to exceed \$774,469.

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. The Company's management believes that if any refunds are required, they are immaterial.

Note 16 – Ridefinders

The accompanying financial statements include the amounts of Greater Richmond Transit Co. and its blended component unit (Ridefinders). Effective July 1, 1998, the Board of Directors of the Company became the governing board of Ridefinders. All significant intercompany transactions and balances have been eliminated. Ridefinders was established to foster community participation in the Richmond area in ride sharing activities. Ridefinders issues separately audited financial statements. Copies of Ridefinders audit reports may be obtained from the Company's finance department. The financial statements of Ridefinders are presented as a blended entity in the accompanying financial statements.

The condensed combining statement of net position of Ridefinders and GRTC at June 30, 2024, is as follows:

	Ridefinders	GRTC	Total
Other assets	\$ 347,726	\$ 80,372,158	\$ 80,719,884
Capital assets	333,311	88,585,726	88,919,037
Total assets	681,037	168,957,884	169,638,921
Deferred outflows of resources	-	17,446,444	17,446,444
Total assets and deferred outflows of resources	\$ 681,037	\$ 186,404,328	\$ 187,085,365
Current liabilities	\$ 93,976	\$ 14,272,358	\$ 14,366,334
Long-term liabilities	297,353	66,408,067	66,705,420
Total liabilities	391,329	80,680,425	81,071,754
Deferred inflows of resources	-	60,429,646	60,429,646
Net investment in capital assets	35,958	85,607,688	85,643,646
Restricted	-	4,415,640	4,415,640
Unrestricted	253,750	(44,729,071)	(44,475,321)
Net position	289,708	45,294,257	45,583,965
Total liabilities, deferred inflows of resources and net position	\$ 681,037	\$ 186,404,328	\$ 187,085,365

The condensed combining statement of revenues, expenses, and changes in net position of Ridefinders and GRTC for the year ended June 30, 2024, is as follows:

	Ridefinders	GRTC	Total
Operating revenues	\$ 25,656	\$ 1,434,532	\$ 1,460,188
Operating expenses	600,574	86,392,354	86,992,928
Operating income (loss)	(574,918)	(84,957,822)	(85,532,740)
Nonoperating revenues	609,581	94,383,096	94,992,677
Change in net position	34,663	9,425,274	9,459,937
Net position, beginning of year	255,045	35,868,983	36,124,028
Net position, end of year	\$ 289,708	\$ 45,294,257	\$ 45,583,965

Greater Richmond Transit Company

Notes to Financial Statements

June 30, 2024

The condensed combining statement of cash flows of Ridefinders and GRTC for the year ended June 30, 2024, is as follows:

	Ridefinders	GRTC	Total
Net cash used in operating activities	\$ (9,154)	\$ (72,158,611)	\$ (72,167,765)
Net cash provided by investing activities	-	1,107,884	1,107,884
Net cash used in capital and related financing activities	-	(4,363,852)	(4,363,852)
Net cash provided by noncapital financing activities	-	79,958,605	79,958,605
Increase (decrease) in cash	(9,154)	4,544,026	4,534,872
Cash, beginning of year	185,891	63,236,747	63,422,638
Cash, end of year	\$ 176,737	\$ 67,780,773	\$ 67,957,510

Ridefinders has recorded various transactions with the Company for 2024, which are summarized as follows:

Payroll and related expenses	\$ 403,290
Accounts receivable	\$ 32,402
Balance owed from GRTC forgiven by RideFinders	\$ 120,602

Effective January 1, 1998, all Ridefinders' employees became GRTC employees. Ridefinders and GRTC entered into an employee lease agreement whereby Ridefinders leases its employees from GRTC.

Note 17 – Deferred Revenue, Central Virginia Transportation Authority (CVTA)

In 2021, the Central Virginia Transportation Authority (CVTA) was created. CVTA is responsible for administering transportation funding generated from the imposition of an additional regional sales and use tax and taxes on the sales of gasoline and diesel. The funding is to be used for transportation-related purposes for the various localities located in Central Virginia. The Company has received a total of \$45,360,458 that is to be used for capital and operational needs in future years to be approved by CVTA and as such, is reflected as deferred revenue on the statement of net position. Funding approved by CVTA for expenditure during the year ended June 30, 2024, was \$23,732,500, of which \$568,450 is for capital purposes and is included in capital contributions on the statement of revenues, expenses, and changes in net position. Funding approved by CVTA for specific, nonoperating purposes for which those purposes had not yet been met or expended as of June 30, 2024, was \$1,695,854 and is included in restricted net position on the statement of net position. These restricted purposes consist primarily of costs associated with the development of annual Regional Public Transportation Plans and capital projects.



Required Supplementary Information, Other Than Management's Discussion and Analysis

Greater Richmond Transit Company
Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 3,070,885	\$ 1,960,124	\$ 4,470,182	\$ 3,762,068	\$ 3,409,609	\$ 1,878,738	\$ 2,043,015	\$ 1,948,697	\$ 1,450,042	\$ 2,853,856
Interest	4,401,942	5,088,293	3,337,107	3,431,709	3,370,599	4,027,357	3,830,331	3,796,263	4,057,519	4,445,277
Differences between expected and actual experience	1,794,996	22,252,191	(41,539,863)	5,400,805	31,264,920	(5,830,131)	2,803,368	7,988,685	(13,996,709)	31,902,783
Effect of plan changes	-	-	-	-	-	-	-	-	(24,336,327)	-
Effect of economic/demographic gains or losses	(1,454,937)	635,577	(515,340)	3,513,631	(2,818,974)	449,165	-	-	-	-
Benefit payments, including refunds	(5,943,791)	(6,016,359)	(5,779,554)	(5,310,675)	(5,051,835)	(5,321,234)	(5,216,184)	(5,056,520)	(4,952,698)	(4,516,684)
Net change in total pension liability:	1,869,095	23,919,826	(40,027,468)	10,797,538	30,174,319	(4,796,105)	3,460,530	8,677,125	(37,778,173)	34,685,232
Total pension liability, beginning	103,201,962	79,282,136	119,309,604	108,512,066	78,337,747	83,133,852	79,673,322	70,996,197	108,774,370	74,089,138
Total pension liability, ending (a)	<u>\$105,071,057</u>	<u>\$103,201,962</u>	<u>\$ 79,282,136</u>	<u>\$119,309,604</u>	<u>\$108,512,066</u>	<u>\$ 78,337,747</u>	<u>\$ 83,133,852</u>	<u>\$ 79,673,322</u>	<u>\$ 70,996,197</u>	<u>\$108,774,370</u>
PLAN FIDUCIARY NET POSITION										
Contributions, employer	\$ 3,420,403	\$ 2,772,252	\$ 2,779,428	\$ 2,483,999	\$ 2,171,361	\$ 1,822,920	\$ 1,626,882	\$ 1,696,893	\$ 1,632,672	\$ 1,552,764
Contributions, employee	2,709,957	2,105,519	1,851,601	1,518,153	1,381,914	1,239,610	1,174,232	1,200,867	1,164,749	1,064,699
Net investment income	5,060,444	(6,308,253)	4,716,698	3,758,328	6,249,173	(1,182,755)	4,783,954	1,467,178	(796,759)	1,525,695
Benefit payments	(5,943,791)	(6,016,359)	(5,779,554)	(5,310,675)	(4,975,690)	(5,397,378)	(5,216,185)	(5,044,233)	(4,952,698)	(4,516,684)
Administrative expenses	(146,163)	(135,002)	(304,397)	(128,209)	(107,011)	(46,161)	(51,721)	(65,815)	(66,427)	(81,776)
Other changes	-	2,264	-	15,920	2,003	3,181	3,873	46,006	-	-
Net change in plan fiduciary net position	5,100,850	(7,579,579)	3,263,776	2,337,516	4,721,750	(3,560,583)	2,321,035	(699,104)	(3,018,463)	(455,302)
Plan fiduciary net position, beginning	34,542,061	42,121,640	38,857,864	36,520,348	31,798,598	35,359,181	33,038,146	33,737,250	36,755,713	37,211,015
Plan fiduciary net position, ending (b)	<u>\$ 39,642,911</u>	<u>\$ 34,542,061</u>	<u>\$ 42,121,640</u>	<u>\$ 38,857,864</u>	<u>\$ 36,520,348</u>	<u>\$ 31,798,598</u>	<u>\$ 35,359,181</u>	<u>\$ 33,038,146</u>	<u>\$ 33,737,250</u>	<u>\$ 36,755,713</u>
Net pension liability, ending (a) - (b)	<u>\$ 65,428,146</u>	<u>\$ 68,659,901</u>	<u>\$ 37,160,496</u>	<u>\$ 80,451,740</u>	<u>\$ 71,991,718</u>	<u>\$ 46,539,149</u>	<u>\$ 47,774,671</u>	<u>\$ 46,635,176</u>	<u>\$ 37,258,947</u>	<u>\$ 72,018,657</u>
Plan fiduciary net position as a percentage of the total pension liability	37.7%	33.5%	53.1%	32.6%	33.7%	40.6%	42.5%	41.5%	47.5%	33.8%
Covered payroll*	<u>\$ 19,168,011</u>	<u>\$ 19,390,527</u>	<u>\$ 19,789,787</u>	<u>\$ 18,616,042</u>	<u>\$ 16,448,830</u>	<u>\$ 16,367,124</u>	<u>\$ 16,514,954</u>	<u>\$ 16,514,954</u>	<u>\$ 15,420,198</u>	<u>\$ 15,018,061</u>
Net pension liability as a percentage of covered payroll	341.3%	354.1%	187.8%	432.2%	437.7%	284.3%	289.3%	282.4%	241.6%	479.5%

*Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Greater Richmond Transit Company
Schedule of Employer Pension Contributions

Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,118,046	\$ 2,462,290	\$ 3,493,861	\$ 3,450,831	\$ 3,589,495	\$ 2,433,113	\$ 2,542,550	\$ 2,347,897	\$ 3,742,841	\$ 3,475,196
Actual employer contributions	3,420,403	2,772,252	2,779,428	2,483,999	2,171,361	1,822,920	1,626,882	1,696,893	1,632,672	1,552,764
Contribution (excess) deficiency	\$ (302,357)	\$ (309,962)	\$ 714,433	\$ 966,832	\$ 1,418,134	\$ 610,193	\$ 915,668	\$ 651,004	\$ 2,110,169	\$ 1,922,432
Employer's covered payroll	\$ 19,168,011	\$ 19,390,527	\$ 19,789,787	\$ 18,616,042	\$ 16,448,830	\$ 16,367,124	\$ 16,514,954	\$ 16,514,954	\$ 15,420,198	\$ 15,018,061
Contributions as a percentage covered payroll	17.84%	14.30%	14.04%	13.34%	13.20%	11.14%	9.85%	10.27%	10.59%	10.34%

Note: Information in this schedule is presented for the year in which information is available.

Greater Richmond Transit Company
Notes to Required Supplementary Information - Pension
Year Ended June 30, 2024

The following actuarial methods and assumptions were used in the funding valuation as of December 31, 2023:

Valuation date	January 1, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry age normal
Investment rate of return	6.50%
Interest on employee contributions	3.00%
Cost of living adjustments	None
Inflation	3.00%
Salary increases	12% per year for participants with less than four years of service and 4.5% per year for participants with at least four years of service.

Termination Rates varying by service as in the table below:

<u>Years of Service</u>	<u>Probability</u>
Less than 1	30.00%
Between 1 and 2	20.00%
Between 2 and 4	15.00%
4 or more	4.00%

Incidence of disability Rates are from the 1985 Pension Unisex Disability Table, Class 2. Sample rates for active employees varying by age are shown below:

<u>Age</u>	<u>Probability</u>
25	0.094%
35	0.219%
45	0.511%
55	1.498%
65	2.718%

Active and Healthy Inactive Mortality Rates from the Pub-2010 General Employee and Retiree Amount-Weighted Mortality tables, projected with scale MP-2021.

Disabled Mortality Rates from the Pub-2010 General Disabled Annuitants Amount-Weighted Mortality tables, projected with scale MP-2021.

Retirement Rates for active employees varying by age as in the table below:

<u>Age</u>	<u>Probability</u>
55	10.000%
56-59	5.000%
60-61	10.000%
62	70.000%
63	40.000%
64	20.000%
65	100.000%

All future deferred vested participants are assumed to retire at age 62. The Company provides the assumed dates of retirement for current deferred vested participants.

Form of payment All participants are assumed to elect straight life annuities.

Post-retirement Returns of Contributions Refunds of accumulated contributions are approximated with a five-year certain annuity.



Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Board of Directors of
Greater Richmond Transit Company
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Greater Richmond Transit Company, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Greater Richmond Transit Company's basic financial statements and have issued our report thereon dated November 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Richmond Transit Company's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Richmond Transit Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Richmond Transit Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Richmond Transit Company and its blend component unit's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Richmond Transit Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 11, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Directors of
Greater Richmond Transit Company
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Program

We have audited Greater Richmond Transit Company's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended June 30, 2024. The Company's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Greater Richmond Transit Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Greater Richmond Transit Company's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Greater Richmond Transit Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Greater Richmond Transit Company's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Greater Richmond Transit Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Greater Richmond Transit Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Greater Richmond Transit Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
November 11, 2024

Greater Richmond Transit Company
Schedule of Expenditures of Federal Awards
June 30, 2024

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number	Grant Number	Total Awards Expended
DIRECT AWARDS			
Department of Transportation, Federal Transit Administration (FTA):			
Federal Transit Cluster:			
Federal Transit - Formula Grants	20.507	VA90-X535 / VA2017-021	\$ 162,331
	20.507	VA2016-027	61,049
	20.507	VA2017-022	154,482
	20.507	VA2020-009	304,101
	20.507	VA2021-040	341,690
	20.507	VA2022-007	1,034,907
	20.507	VA2023-007	204,713
	20.507	VA2023-008	729,731
	20.507	VA2023-025	3,839
	20.507	VA2024-029	311,747
ARPA Federal Transit - Formula Grants			
	20.507	VA2022-023	8,921,724
Total Federal Transit - Formula Grants			<u>12,230,314</u>
Bus and Bus Facilities Formula Program			
	20.526	VA2023-005	10,032,000
	20.526	VA2023-020	128,797
	20.526	VA2021-X034	3,496,516
	20.526	VA2020-011	440,385
Total Bus and Bus Facilities Formula Program			<u>14,097,698</u>
Total Federal Transit Cluster			<u><u>\$ 26,328,012</u></u>

Greater Richmond Transit Company
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on an accrual basis of accounting consistent with the basis of accounting used by Greater Richmond Transit Company. The schedule includes all known federal funds expended by the Company for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the presentation of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Company has elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

Note 3 – Subrecipient Payments

None of the expenditures reported on the Schedule were passed through to sub recipients.

Greater Richmond Transit Company
Schedule of Findings and Questioned Costs
June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies and no material weaknesses relating to the audit of financial statements were reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award program were reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
6. The audit disclosed no audit findings related to the major program.
7. The program tested as major was:

<u>Name of Program</u>	<u>Assistance Listing Number</u>
Federal Transit Cluster:	
Federal Transit - Formula Grants	20.507
Bus and Bus Facilities Formula Program	20.526

8. The threshold used to distinguish between Type A and Type B programs is \$789,840.
9. The Company was determined to be a low-risk auditee.

B – Findings – Financial Statements

None noted.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None noted.